



# **Impact of Public Procurement Reform on Public Health Service Delivery Case of Malawi**

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## **DECLARATION**

I declare that no portion of the work referred to in this PhD thesis has been submitted in support of an application for another PhD degree or qualification of this nature or to any other institute of learning.

**Edington Chilapondwa**

## ABSTRACT

Procurement of Medical Supplies in public hospitals has for many years faced a myriad of challenges and constrictions that in many cases are detrimental to public health services delivery. Disintegrated supply chain management is among the challenges in the public health sector. In 2019 Malawi registered 48% overall availability of medicine in public hospitals. On the other hand an average of 52% stock out of medicines was on the higher side therefore this thesis intended to investigate the possible causes with a focus on role of reformed Public Procurement as policy intervention on how effective it has been in improving drug availability Public Health Services in Malawi. For 39 years since independence Malawi had no public procurement legal framework in place to regulate public sector procurement systems. Following the public outcry against poor public services delivery that was believed to have been caused by glaring procurement system inefficiencies and procurement related corruption, the Government responded with a reform in Public Procurement as a policy intervention. The Public Procurement legal framework was in place by 2003. The government intended to improve supply chain management by regulating its functions, which seem to still be relevant factor for improved public service delivery to date. The Malawi National Health Policy (2018) and the Health Sector Strategy Plan II, 2017 – 2022, (HSSP II), continue to seek improvement of supply chain if health service delivery is to improve.

This thesis therefore assessed the impact of “Public Procurement Reform on Public Health Service Delivery.” The assessment focused on critical broad objectives of the reform, which is efficiency and economy. The reform has posted significant positive strides towards public procurement transparency and accountability in public health service. However, following detailed data collection and analysis, the research has exposed deficiencies on procurement economy and efficiency. Deficient areas being lack of procurement professional capacity, noncompliance with key provisions of the law and absence of store management framework in the reform. These dimensions have related impact on availability of medicines in public health services.

These findings directly hinge on policy implication, knowledge contribution to procurement as a field of study and practice and set a parameter for future research studies.

**Key Words:** *Public Procurement, Reform, Services Delivery, Impact, Heath, and Policy Intervention*

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## ACRONYMS

AfDB	:	Africa Development Bank
AIDS	:	Acquired Immune Deficiency Syndrome
ARP – HS	:	Annual Review Report – Health Sector
CGS	:	Central Government Stores
CHAM	:	Christian Health Association of Malawi
CIPS	:	Chartered Institute of Procurement Supply
CMS	:	Central Medical Stores
COMESA	:	Common Market for Eastern and Southern Africa
CTB	:	Central Tender Board
DI	:	Desk Instruction
GDP	:	Gross Domestic Product
HIV	:	Human Immunodeficiency Virus
HRHC	:	Human Resource for Health Census
IA	:	Impact Assessment
IPC	:	Internal Procurement Committee
IPC	:	International Procurement Consultants
HM	:	Her Majesty
MDG	:	Millennium Development Goals
MFC	:	Malawi Finance Company
MG	:	Malawi Government
MGDS	:	Malawi Growth and Development Strategy
MIPS	:	Malawi Institute of Procurement and Supply
MoH	:	Ministry of Health
NHP	:	National Health Plan
ODPP	:	Office of Director of Public Procurement
OECD	:	Organization for Economic Co-operation and Development
ORT	:	Other Recurrent Transaction
PFMA	:	Public Finance Management Act
PPA	:	Public Procurement Act
PPR	:	Public Procurement Regulation
PRS	:	Poverty Reduction Strategy
PSR	:	Public Services Reform
PVHO	:	Private Vehicle Hire Organization
PPDA	:	Public Procurement and Disposal of Assets Authority
SADC	:	Southern Africa Development Community
TI	:	Treasury Instruction
UNAIDS	:	United Nations Program for HIV
UNCITRAL	:	United Nations International Trade Law
WB	:	World Bank
WHO	:	World Health Organization

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## CHAPTER 1

### 1 Introduction

The Constitution of the Republic of Malawi states that the State is obliged “to provide adequate health care, commensurate with the health needs of Malawian society and international standards of health care.” This constitutional provision guarantees all Malawians of government's obligation to provide adequate public health care and ensures equality plus ease of access to public health services. Nevertheless what remains unanswered is “*has the obligation been full filled*” .....? or “*what is the reality on ground against this provision?*” Of course, the government unpacks the Constitution provisions using many interrelated laws, public policies and public reforms. Every government makes laws or change the existing ones to effectively achieve Constitutional obligations. Many governments issue public policies and undertake public reforms in order to efficiently deliver public service in line with Constitution. This process did not reprieve the Malawi government either. Coupled with democratic dispensation in 1994 and donor pressure thereafter on public finance management woes the government had no choice but to reform the entire Public Finance Management system. This financial system overhaul in 2003 saw the birth of *Public Procurement Act, Public Finance Management Act and Public Audit Act (the Great 3Ps of public Efficiency, Transparency and Accountability)*. This was a major milestone towards efficiency transparency and accountability as far as public finance management in Malawi is concerned. Notwithstanding this milestone literature review on Public Service Reforms in Malawi show by some count that since independence the Malawi government has undertaken 80 public reforms representing an average of 1.4 reforms annually to date.

With this antecedent this research study intends to investigate the impact of a reformed public procurement system, which is among *the Great 3Ps* on the delivery of public health services in Malawi. According to World Health Organization (WHO) [(2018) online] states that delivery of public health services is an immediate output of the input into health system; such inputs may include infrastructure, health intervention laws and policies, workforce, medical supplies, logistics system, finances and procurement. From the onset, provision of health services calls for a wider continuum of input, where each ought to be properly managed to strengthen service delivery which is key strategy to achieve the Millennium Development Goals (MDGs) on health outcome.

Out of this wider continuum of inputs this research assignment will consistently throughout the study review, analyse and assess the impact of “***Procurement***” on the immediate output of health provision. Procurement is an enormous frontline business on the other side of the same organization that creates an interface between the resources demand and supply market. It is a highly regulated window of transaction in an organization operation as it provides for processes of financial outflow in exchange for goods, works and services inflow for the smooth operation of an organization. Poor procurement management suffocates not only financial resources but disrupts workflow and denies an organization’s workforce of quality goods, works and services necessary for daily operation of various departments to achieve services output. It is this dynamic cross-functional property of procurement and the subsequent impact thereof that sits at the heart of this research assignment.

The impetus driving the choice to assess the impact of public procurement law on public health services provision is born from the premise that Malawi was among the early governments that

reformed its public procurement system in Sub-Sahara region with an intention to gain efficiencies and economies in public expenditure that would in turn improve public service delivery.

United Nation Commission on International Trade Law (UNCITRAL) – (New York) at its twenty seventh session of 31<sup>st</sup> May to 17<sup>th</sup> June 1994 developed the first comprehensive model law for the public procurement of goods, services and construction, to be used as a template for countries wishing to regulate or reform their public procurement systems. Malawi after a thorough diagnostic study done by IPC Washington DC consultants (1996) adopted this model and enacted its first ever Public Procurement Act Number 8 of 2003. Among several critical provisions, the Act provides for establishment Office of the Director of Public Procurement now the Authority (PPDA) as an oversight body of reformed public procurement systems. Malawi now has a public procurement framework backed by law where researchers can purposefully examine its impact on public service delivery like healthcare system in this research assignment.

The Malawi healthcare organization rests on three-tier healthcare system in which each level is connected by a patient referral system. Ordinarily patients are supposed to enter into the system at the first tier and flow to higher tier facilities as needed. Medical supplies and human resources, however, flow in the opposite direction. The already limited resources are first allocated to the top tier facilities, leaving the second and third tier facilities with little to no resources. According to Human Resource for Health - HRH Census, (2008) up to 50% the health facilities are under the Ministry of Health while 16% are under the Christian Health Association of Malawi (CHAM). Other private healthcare providers own 20%, while non-governmental organizations operate 7%. Statutory corporations and companies own 5% and 2% of the facilities respectively. The situation had not really changed very much up to 2014 as the Malawi Service Provision Assessment (MSPA) Report 2013- 2014 indicated that 50% of the entire health services in Malawi was provided by the Government. However, the Malawi Health Sector Strategic Plan II 2017-2022 reports showed a drastic change in the ratios of service providers of health services sector. Despite the strategic paper quoting (MSPA) Report of 2013-2014 as a source of information, it reported that CHAM is now at 29% while the UNICEF - Health Facility Mapping Report (2016) tabulation on the same page indicate 20% as a ratio coverage of CHAM with Government poised at 78% and the rest 2%. Evaluation of various health sector reports clearly showed that the Government is the largest service provider in Malawi therefore any research study targeting public health services in Malawi with focus on government facilities has high chances of assessing the actual health situation in Malawi.

This research study will therefore concentrate on government health facilities, which constitutes a highest percentage of health service provision in Malawi under the Ministry of Health. The research project will employ a case study approach, where Case Study shall mean an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly defined. The research considers the entire public health care system as the object of the research with purposive sampled healthcare centres as a unit of analysis where statistical data collection instruments will be administered. **Section 1.14** Research Structure provides the blueprint of the entire research thesis.

## 1.1 Healthcare and Public Procurement

Procurement of healthcare facilities and subsequent medical supplies in public hospitals has for many years faced myriad of challenges and constrictions that in many cases are detrimental to public health services delivery. This research thesis therefore intends to investigate the Impact of Public Procurement Reform on public service delivery with focus on Public Health Services in

Malawi. Since independence in 1964 and thereafter for 39 years Malawi had no public procurement law regime to regulate public sector procurement systems and processes. After the democratic dispensation in 1994, freedom of speech was born and flourished rapidly. Society and non-government organizations took advantage of the same and publicly cried out for improved public service delivery. Following outcry as exhibited in media from the general public and the donor community particularly on public procurement flaws and inefficiencies public reform was launched in 1996 and took effect in 2003. It was a commonly held public opinion that poor public procurement system that existed had a high correlation with poor public services delivery. The public further perceived unregulated public procurement as an area of waste in public sector.

The outcry has not died down to date prompting this research. Recently, National Health Policy Vol. 4 of 2018 echoes the outcry by attributing the shortage of medical supplies in public hospitals as a major challenge caused by poor supply chain among others where procurement and storage are critical functions. According to IPC Washington D.C. Report (1996), Public Procurement and Supplies Management was very weak and inconsistent as it lacked standard procedures backed by a relevant legal framework. The report further states that prior to the reform procurement was governed by the Finance & Audit Act 1996 of the laws of Malawi as amplified by out-dated Malawi Government Treasury Instruction from time to time. This was not effective at all as the laws were neither core nor relevant to supply chain management, the practice never reflected procurement efficiencies and economies as enshrined in modern worldwide supply chain management.

The status quo then was the Department of Supplies and Services was a central coordinating authority of government supplies management service in Malawi. This encompassed the entire spectrum of acquisition, use, storage, and disposal. The Government then had four main procuring entities, which followed similar procurement processes and were responsible for purchasing, storing, accounting for and distribution from the stores to the end users. In some cases the end users without specific regulatory procedures independently carried out procurement transactions, as there was no public procurement regulations then. In this setup procurement transactions were carried out by the following four entities;

Central Government Stores (CGS) – was responsible for the procurement of majority of goods for government ministries and departments. It was mainly engaged to buy those items that were not within the specialised competence of the other three procuring entities.

Central Medical Stores (CMS) – All pharmaceutical supplies and medical equipment were procured by this entity. It was also responsible for the distribution of all medicine and all medical related equipment and services to public health facility throughout the country.

Plant and Vehicle Hire Organization (PVHO) now (PVHES) - was responsible for purchases and hiring of plant and vehicle for the government. It was also responsible for maintenance and service of all government vehicles and machines.

Central Tender Board (CTB) – It was responsible for procurement of any kind exceeding the specified powers of the procuring entity. The most commonly used method was open tendering.

Further reference to Public Procurement Diagnostic Study June 1996 – Malawi Case by IPC Washington, D.C. all international procurements outside donor financed projects were carried out by the Malawi Finance Company (MFC) through the UK and South Africa offices. MFC replaced

Crown Agents and acted as the “London Agent” defined in the Treasury Instruction. About 60% ownership of the MFC rested with the government and the other 40% with Balfour Williamson of the UK, a private purchasing agent. The basis of the relationship was set forth in a 1976 contract for procurement agency services. The contract does not reflect current ownership structure, reporting obligation or practice. On the basis of the agreement between the Government and Balfour Williamson all fees and Corporation on the contract concluded were collected by the later.

Lack of a comprehensive procurement legal framework was a major challenge in the management of procurement systems. In other words, Malawi had no statutory provision, which directly described public procurement processes; additionally, while general common law on contracting principles applied to government contracts there was no uniform procurement law or organic body of law regulating public procurement. The only relevant rules of general application to procurement processes were the Financial and Audit Act of 1996 and the Treasury Instruction (TI) issued under section 72 of this Act.

## **1.2 Public Procurement Reform**

Public procurement reform is largely a globe new wave of systems thinking that has taken effect and recognition in the last two decades in the area of public procurement. The aim is to instil efficiency and effectiveness in public expenditure while eliminating waste and bid down corruption in the entire public procurement processes. In Malawi, just like in many other African countries the reform was largely driven by the democratic environment soon after political pluralism in 1994 and external pressure particularly the World Bank to have the public procurement reformed due to issues of corruption or inefficiency, which were envisaged to have been emanating from lack of a comprehensive procurement legal framework. In some instances, donor procurement assessment projects had revealed weaknesses in the system. The reform was on the other front driven by multilateral agreements, regional economic and trade agreements plus the Paris Declaration - Aid Effectiveness.

Harpe, (2009) stated that until recently many countries in Africa did not have and many still do not have well developed public procurement regimes. This presents a major obstacle to achieving the generally accepted goals of public procurement, which are, amongst others, transparency, competition, value for money, fairness, cost effectiveness and integrity.

Unfortunately, corruption, as in many other parts of the world, is also rife in public procurement in Africa, and poor public procurement regimes lend themselves to be misused and highly prone to corruptions. This presents a serious impediment for the economic development of Africa in general. To aggravate the problem, with the exception of Common Market for Eastern and Southern Africa (COMESA) and West African Economic and Monetary Union (WAEMU), very little harmonisation of public procurement exists in the regional economic communities in Africa.

On the positive side, the UNCITRAL Model Law on Public Procurement (1994) has served as a benchmark for many countries in Africa in reforming their public procurement regimes. It has an important role to play in the curbing of corruption and the harmonisation of public procurement regimes in regional economic communities.

The World Bank (2005) indicated that public procurement sector is often the largest domestic market in less developed countries. In developing countries public procurement can account for up to 50%-70% of imports, therefore any improvements in the public procurement system has a direct



and beneficial effect on the overall economic situation of a country. This is among factors that motivates this research thesis to investigate the impact of public procurement reform on government operations if at all the intended benefits are being realised in the now reformed public procurement in Malawi with specific focus on Public Health Services. According to Commonwealth Network Pharmaceutical report (2016) stated that in 2010 alone pharmaceutical imports represented 0.15% of the Malawi's Gross Domestic Product; there was no pharmaceutical exports from Malawi for the same year. This sheer magnitude of imports on pharmaceutical products, which is critical to public health service delivery, calls for a proper investigation of the role of public procurement on delivery of health services in Malawi.

The World Bank (2007) stated that public procurement reform main objectives are to instil efficiency and effectiveness in the government procurement processes while eliminating waste and corruption in the system. Preliminary review indicates that the public procurement reform agenda is chiefly driven by these objectives with World Bank coming out clearly that it has a dual role with regard to public procurement in its client countries. First, World Bank considers that good national public procurement practices are a major determinant of the efficiency and effectiveness of public expenditure. Secondly, building client countries' capacity for better public procurement within their own national systems is an essential element of the poverty reduction focus of the Bank, and in accordance with global principles of aid effectiveness.

Further, the reform is meant to bring about transparency, accountability, competition, fairness and value for money in public procurement processes. Locally, in most African countries there has not been extensive research work in public procurement as a field of study, nevertheless globally, World Bank, International Monetary Fund, and OECD have invested a lot on research work and knowledge contribution as far as public procurement is concerned while in Africa regional trade blocs among others SADC, COMESA and the African Development Bank have done an extensive localised research work in the area providing a good insight of what public procurement can achieve if well managed.

### 1.2.1 Why Reform Public Procurement

World Bank (2012) *Middle East and North Africa Conference* – discussed why reform public procurement and observed that; Procurement reform is an important tool for strengthening governance reform and better public sector performance. It is a core function of translating public policy into tangible results by delivering essential services and implementing projects and programs. Public procurement is central to the delivery of public services, results, and performance. Public procurement may also be used as a strategic tool to enhance government performance and delivery of quality public services. A multifaceted approach for public procurement reform is inevitable therefore public procurement systems should be measured not merely by formal compliance with procedures but also by the achievement of development and other policy objectives.

Good public procurement is a prerequisite for economic growth and effective public investment, poor governance of public procurement systems can turn public investments into major political and economic liabilities, hinder development goals and outcomes, and result in additional costs and waste public funds. Public procurement is an essential governance arena, and the way it is executed reflects the level of social accountability. The effectiveness of public procurement systems is also contingent on their integration with other related systems and reform initiatives such as public

finance management reform and e-government initiatives, this is one among the very reason why reforming public procurement is essential to create the needed interface. Fragmentation of systems—for public investment management, for budgeting, and for public procurement—leads to weak public services delivery mechanisms, increased costs, poor performance, cost and time overruns, a lack of competition, and underfunded maintenance. Khi V. Thai (2000) wraps it all in his quotation that the sheer magnitude of public procurement outlay and the space it occupies in the national budget positions procurement system as the priority candidate of reform.

### 1.3 Public Procurement Act 2003

In response to the Public Procurement Reform recommendations after the diagnostic report in 1996 and other similar evaluation reports on government finance management and budgetary controls; the Malawi Government in 2003 passed three public finance management laws with an aim to improve management of public expenditure after issues of corruption and waste in public service delivery system were rampant. These were commonly called the three Ps of 2003. To an extent, this was an aid condition by the donor community particularly the World Bank. This public expenditure reform process saw the enactment of Public Finance Management Act 2003, Public Procurement Act 2003 and Public Audit Act 2003. The overarching objective was to bring about efficiencies and effectiveness in public expenditure.

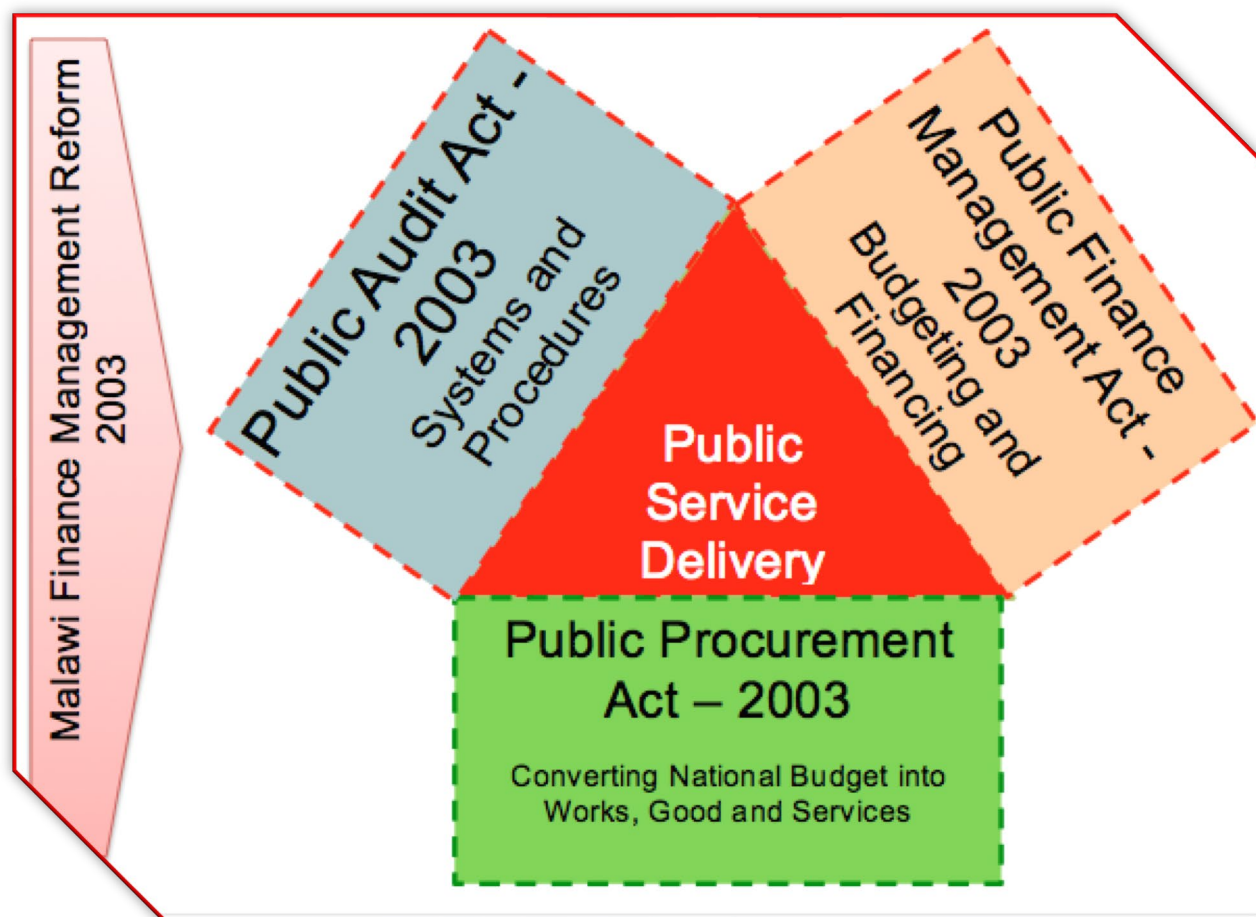


Figure 1: Malawi Finance Management Reform (the Great 3Ps)



In as much as all the three work together and reinforce each other this research thesis will conversely, concentrate only on the aspect of **Public Procurement Act No 8 of 2003 (PPA 2003) now PPDA 2017** as a major milestone in the public procurement reform in Malawi as far as regulation of government procurement system is concerned. This first generation of the public procurement regime in Malawi was a component in the government effort to achieve the overarching objective in management of public funds to derive efficiencies and effectiveness in delivery of public services, which among them is Public Health Service Delivery. Among the three, *PPA 2003* particularly rested on transparency, fairness, accountability, competition, and value for money as its strategic pillars derived from *UNCITRAL* Procurement Model Law however not clearly stated in the *PPA 2003* as strategic thematic areas.

The researcher therefore intends to investigate the impact of public procurement reform on public service delivery with main emphasis on public health services in Malawi. This first generation of public procurement regime that was meant to illuminate procurement processes in the public sector will be examined to see the impact whether the intended efficiencies, economies and effectiveness have been attained and to what extent.

### 1.4 Civic Expectations

Horsman, (1995) stated that the role of the state has gone through fundamental changes beyond the thinking of the bordered state, in which the main function of the State was merely to defend itself from external aggression. The modern state, and particularly those in developing world, is expected to meet innumerable or a myriad of social challenges to satisfy the aspirations of its people.

Landell-Mills, (1991) contends that major economic function of the government therefore is to devise economic policies that assist the country or economy precisely to address and satisfy the general aspirations of the people in public services delivery. Brown and Jackson, (1991) p.32 confirms a paradigm shift of the role of the state and argued that from a public economics perspective, the role of the state through the public institution of government in the “social contract” would be to regulate the behaviour of “self-interested utility maximizing individuals” in order to maximise the common interest of the people.

It is from this point of view that every government policy intervention in this modern world should endeavour to respond to the needs of the general population. Research projects should therefore be in forefront to provide empirical feedback of the flaws or success of the public governance instruments to policy makers. The empirical evidence subsequent to the research like this helps government and all those involved in public policy formulation to focus on sustainability, efficiency and economies as they desire to meet public expectations. This perspective augments the position why it is necessary to assess the impact of public procurement policy in Malawi as regards to public health services delivery against the aspiration of the common citizenry.

### 1.5 Public Service Delivery

Wittig, (1998) explained that today governments all over the world have received a great deal of attention as providers of essential public services, such as health, education, defence and general public infrastructure. By definition Public service delivery is the provision of public services using public funds or donated resources to public institutions for service to the public. To be able meet the demand of these services governments purchase goods, works and services from the market place. In other words governments are purchasers of works, supplies and services from the open market,

placing their demand alongside those of the private sector. This process is administered and regulated by public policy; nonetheless business operations of governments in implementing public procurement policy have both economic and political implications. Yet, until not too long ago, the subject of public procurement has received little attention by academic researchers and policy makers, because it was considered an administrative function too mundane to worry about.

In Malawi, the Malawi Public Service Charter guides public service delivery, which is the statement of intent of the public service's commitment to provide the best possible service standards to the people of Malawi. It sets out the standards of the services the public can expect from its public services outlets. It is also evidence of government resolve to offer the best services. To the contrary the media and general public seem to have a common voice staging a platform of dissatisfaction in the manner public institution are delivering public services. The most frequently criticised public institution that dominate the media and general public talk about poor performance range from security services, energy generation services, agricultural development services, education services, public infrastructure (road network) and *public healthcare* which is the unit of analysis in this research thesis

Henry Chinagipe, [esid (2015)] in his research program of *Effective State Inclusive Development* (ESID) observed that like many African countries, Malawi has been through waves or generations of public sector reforms (PSRs). This dates back to the immediate post-independence period in the 1960s, with state-centered reforms, through the era of neoliberal reforms – the structural adjustment programs, from the 1980s to the 1990s and a myriad of reform initiatives under the banner of New Public Management after the year 2000, to the current wave commissioned after the 2014 general elections. By some counts, there have been about **79** diagnostic and prognostic reports on Public Sector Reform (PSR) in Malawi excluding the current one spearheaded by the Right Honorable Vice President.

However, the promised efficiency and effectiveness of the public sector has continued to be sub-optimal. The Failed States Index, which measures variables on a scale of 1 to 10, where 10 indicates complete failure, scored Malawi's progressive deterioration of public services at 8.2; uneven economic development at 8.0; poverty and severe economic decline at 8.4; and state legitimacy at 7.5 in 2013. Similarly, World Bank Governance Indicators, which measure variables on a scale of minus 2.5 (weak) and 2.5 (strong), show that between 2002 and 2012, government effectiveness, regulatory quality and rule of law in Malawi have persistently been negative. This and other evidence shows unequivocally that the Malawi public service is in some kind of a stable low equilibrium, despite numerous attempts to reform public service delivery with various public policy interventions.

Cammack and Kanyongolo (2011) argues that weak public works, goods and service delivery in Malawi reflects, in part, the challenges of priority setting and poor decision making, rather than resource scarcity per se. This means that 'scarcity of funding, the slow uptake of good ideas, insufficient capacity and the rest are a function of poor planning and policy incoherence, the prioritization of alternative agendas – such as winning elections and appointing big cabinets – *rent-seeking* (practice of manipulating public policy or economic conditions as a strategy for increasing gains) that diverts funds from productive use, hence waste and detrimental to public service delivery. Following this state of affairs many government ministries and departments have ignited public outcry echoed by media ridicule for poor service delivery. The literature review has converged on public health services as the most conspicuous among many that have its public services rated as sub – optimal. This observation appends more stimuli to research on the impact of

public policy like Public Procurement Act on how it is aiding the Government on delivering public healthcare services.

## 1.6 Public Health Services

Smith, (1990) denoted that providing healthcare facilities with drug and medical supplies is a very complex process that involves a large variety of actors from both the private and public sectors. Government's health ministries often lack organization and management skills required to write technical specifications, supervise competitive bidding, and monitor and evaluate the contract performance. Deficit of these technical capacity imply that corruption can occur at any stage of the process and influence decisions on the model of procurement (direct rather than competitive), on the type and volume of procured supplies, and on specifications and selection criteria ultimately compromising access to essential quality medicines by the citizenry.

McCabe (2009) in the Private Pharmaceutical Supply and Distribution Chain study for Ghana, Mali and Malawi quoted Andrews, Yamyollia et al. (2004); that sustainable access to affordable, quality medicines is an important component of healthcare but in many African countries it continues to be limited. Commonly reported problems as observed in the study included poor supply chain management, pilfering of stock, insufficient human resources and limited financing resulting in chronic stock-outs of essential preventive and lifesaving drug in public facilities.

Ministry of Health - Malawi (2006); echoed on the same that stocks of medicines supplied by the state-run medical stores were persistently reported to be below recommended minimum stock levels and suffering from rampant stock outs. The trade of substandard and counterfeit medicines is also growing rapidly. In resource-poor settings where public sector services are unable to meet the demand for services, the private and voluntary sectors are increasingly being called upon. As a result, many policy makers have *begun to identify mechanisms that are alternatives to state-run drug procurement and distribution systems*. The supply and distribution of medicines are a fundamental aspect of the success of any health system. Disruptions to this supply of medicines undermine health outcomes as supply chains have an impact on the availability, cost and quality of medicines available to patients. This research constructed on case study research strategy intends to find the relevance of public procurement reform in enhancing public health service delivery in Malawi in relation to many components including supply of medicines.

## 1.7 The Malawi Health Services

The Ministry of Health is responsible for delivery of public health services in Malawi whose headquarters is at Capital Hill government headquarters in Lilongwe. It has major hospitals generally known as central hospitals in all the three geographical regions of the country. In its mission statement the Ministry seeks to achieve health for all Malawians by delivering health services and disseminating health information to the general public. The current overall policy goal of the health sector, which continues from the previous National Health Plan (2017 to 2022), is to raise the level of health status of all Malawians by reducing the incidence of illness and occurrence of death in the population. This will be done through the development of a sound delivery system capable of promoting health, preventing, reducing and curing disease, protecting life and fostering general well-being and increased productivity.

The main objectives of the Ministry of Health in quest for health for all Malawians has been outlined as follows:

- ✚ Range and quality of health services for mothers and children under the age of 5 years expanded
- ✚ Better quality health care provided in all facilities
- ✚ Health services to general population strengthened, expanded and integrated
- ✚ Efficiency and equity in resource allocation increased
- ✚ Access to health care facilities and basic services increased
- ✚ Overall resources in health sector increased

As summarised above Malawi has a three tier healthcare system in which each level is connected by a patient referral system. Patients enter into the system at the first tier and flow to higher tier facilities as needed. Medical supplies and human resources, however, flow in the opposite direction. The already limited resources are first allocated to the top tier facilities, leaving the second and third tier facilities with little to no resources. According to Human Resource for Health - *HRH* Census, (2008) up to 50% the health facilities are under the Ministry of Health while 16% are under the Christian Health Association of Malawi (*CHAM*). Other private healthcare providers own 20%, while non-governmental organizations operate 7%. Statutory corporations and companies own 5% and 2% of the facilities respectively. With reference to *UNICEF* Health Facility Mapping Report (2016) and Malawi Service Provision Assessment Report (2013/14) there is no much changes in the service proportion, government health services still has a bigger share.

The public health system under this study has three separate tiers as stated above, which consist of primary, secondary, and tertiary healthcare services. A system of referrals links these three tiers. Primary care is where the bulk of health care services actually take place in this system. It consists of community-based outreach, health posts, dispensaries, urban health centers and primary health centers including rural/community hospitals.

The Health Metric Networks Report, (2009) outlined in its report that the primary level (third tier), hospitals have holding beds, postnatal beds, holding wards and are able to provide outpatient maternity, and antenatal services. If the patient's condition is considered too critical for primary care facilities to handle; such cases are referred to the next level of the healthcare system. Secondary level care is provided by district hospitals that are located in each of Malawi's 28 districts. These hospitals are equipped to provide the same basic services as the primary care facilities mentioned above, in addition to a few more, such as: x-ray, ambulance, operating theatre and a laboratory. The top tier of care is provided by the central hospitals located in the major urban areas. These hospitals differ from the second tier hospitals in the existence of various specialized services.

The World Health Organization's statistics on Malawi healthcare indicate that there has been a remarkable increase in health expenditures in the past decade. From 2002 to 2011, the per capita total expenditure on health increased from \$27.2 to \$77.0 and per capita government expenditure on health increased from \$16.4 to \$56.5. These statistics indicate that the healthcare in Malawi is receiving greater attention and resource allocation. They also reflect the increased health focus of the government of Malawi. From 2002 to 2011, the percentage of total government expenditures allocated to health increased from 13% to 18.5%.

Malawi's increased government expenditure on healthcare has coincided with a decrease in the country's dependence on external healthcare resources, such as international and non-governmental aid. In 2009 external resources were responsible for 97.4% of total health expenditures, in 2011 they were responsible for 52.4% representing 45% drop of external resource fund.

With this knowledge that local funding is now improving this research thesis therefore intends to assess the impact of “Public Procurement Reform on Public Service Delivery” particularly in the health sector and infrastructure development with a meticulous attention on the role public procurement policy in aiding health services to realise value for money, adequacy, quality and timeliness in delivering services. The role of office of the Director of Public Procurement as established by the PPA 2003 will also be reflected in the research analysis to assess its responsibility on the premises of policy implementation, as a resource office, its advisory functions, capacity development efforts, monitoring and monitoring tools in the reform process.

On the other hand not only has the improved resource basket propelled this research but the inverse proportion of persistent pharmaceutical stock out against the improved basket. The outcry against poor public service delivery, fraud and corruption, discrepancy of transparency and accountability and misappropriation of donor funds were among coercing factors for the governments not only in Malawi but also across the globe to call for policy intervention in public procurement. Therefore, assessment of policy impact goes without saying it is just inevitable, hence this research project.

## **1.8 Policy Intervention**

Arrowsmith, et al(2000) stated that in recent years, public sector performance and its capacity to deliver public services has received a renewed emphasis given the declining standards and increasing levels of fraud and corruption particularly in the area of public procurement. Self (1993) agrees that indeed there is hardly any country in the world that has escaped the incidence of corruption in Public Procurement; a reality that generated a wave of reforms driven by the imperative to improve the performance and cost effectiveness of the public sector as seen. Public procurement plays a central role in governance and anti-corruption efforts because of its sheer impact on society considering that, public procurement officials around the globe control spending that is equivalent to 10-30% percent of GNP in any given year as observed by Callender and Mathews, (2000).

Wittig, (1999) further observed that public procurement remained a big part of the economy of developing countries, accounting for an estimated 9-13% of their gross domestic product. Nevertheless, it is an area in need of attention since resources are not being properly managed in many countries'. This calls for a high degree of professionalism and intended policy intervention in the conduct and management of this important function of public significance. Witting's observation has also been echoed by various report locally including the annual reports released by Office of Director of Public Procurement in Malawi (2014) that well over 70% of the ORT funds allocated to various ministries, government departments and agencies go through procurement transactions.

Yadav, (2005) asserted that corruption is a global problem, which is particularly injurious to the well being of the people in developing countries. Søreide, (2002) resonated that corruption in public procurement makes the officials or the politicians in charge purchase goods or services from the best briber, instead of choosing the best price-quality combination. In the awake of all these well-researched observations a wind of change in procurement business did not spare Malawi.



As stated above Malawi joined the bandwagon in the wind of change to consider giving procurement legal status as early as 1996. Among its numerous reforms it worked on public procurement a component of public finance management to ensure public expenditure contributes to public service delivery in a manner as intended. Public procurement has in many cases viewed as an area of waste that breeds fraud and corruption hence its candidature in the reform was meant to promote transparency, accountability, value for money, competition and integrity. Public procurement in Malawi now has a fully-fledged Act of Parliament and Regulations (PPA 2003 and PPR 2004) with a fully establish oversight body - Office of Director of Public Procurement now Public Procurement Authority.

The Public Procurement Act 2003 and its subsequent framework seem not to have clearly defined the objectives of its existence or enshrine the same in its literature materials of the regime for easy reference by practitioners and its stakeholder. This purported obscurity on the objectives of public procurement is the candidate of investigation in this research thesis. However going beyond the confines of this legal framework and tracing the routes of origin thereof we see that the diagnostic report on Malawi procurement system issued by IPC of Washington DC (June 17 1996 p ii) states that broader objectives of public procurement reform were to improve efficiency, effectiveness, economy, transparency and accountability to discourage corrupt practices.

On the other hand the *UNCITRAL* – Public Procurement Model Law (1994) where our PPA 2003 is derived from clearly states its objectives in the preamble as improving on economy, quality and efficiency, promoting international trade, competition, fairness and integrity and achieving transparency. All these in summary are construed as the drive behind the reform agenda of Public Procurement in Malawi. The framework below depicts a reformed procurement process and the expected areas of influence to ultimately improve on public service delivery, which is healthcare in this research. The focus is to investigate impact of the reform after derived objectives are achieved. Government and Development Partners have a greater role as depicted in the concept for they provide input to the system to realize the intended output, which is public services delivery.

## REFORMED PUBLIC PROCUREMENT CONCEPT

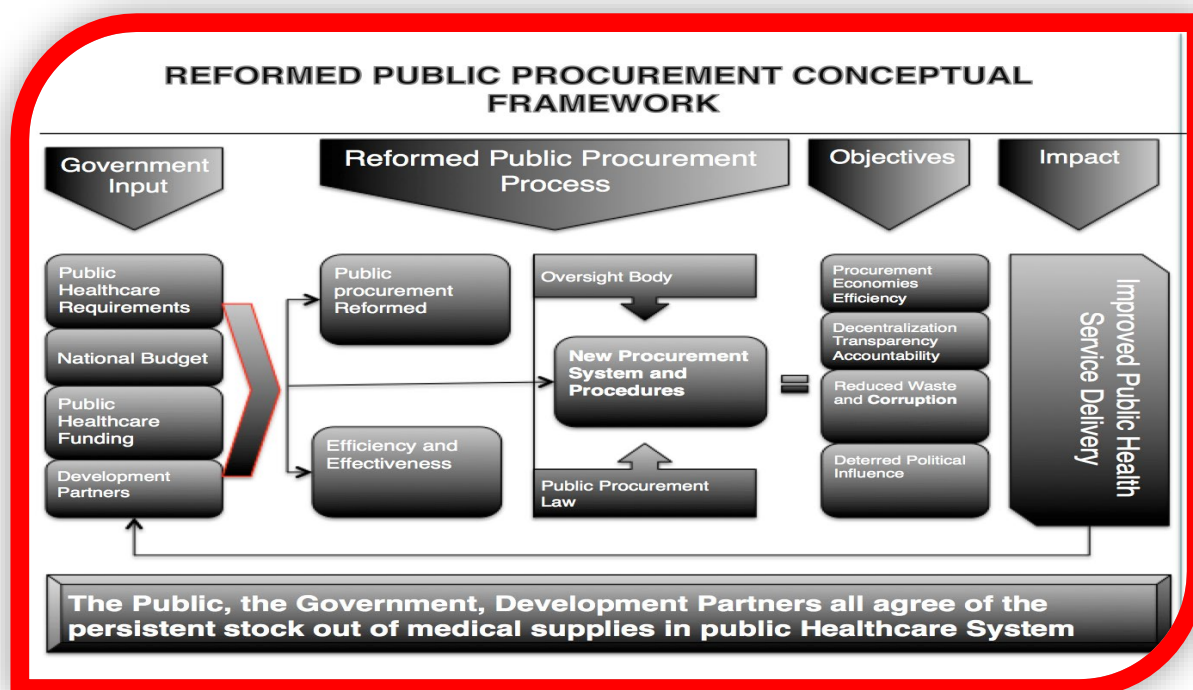


Figure 2, Reformed Public Procurement Concept

### 1.9 Problem Statement

As early as 1996 the Malawi Government launched a diagnostic study initiative which was carried out by IPC from USA - Washington DC with specific mandate to review government procurement system as part of the broad government finance management reform. The study identified several systematic problems such as inconsistent procurement procedures that seriously impaired economy and efficiency of public procurement and development of local industry. These problems resulted in the mismanagement of funds, shortage of critical goods, works and services in public service institutions and continued dependency on external assistance. All these emanated from lack of a comprehensive legal or institutional framework meant to set forth sound procedures and practices in a transparent and consistent manner for public sector procurement. Following this lack of a comprehensive legal framework or an organic body of law regulating public procurement, there was no monitoring system in the government procurement processes. Conspicuously to this effect was absence of systematic government procurement plans leading to inefficient procurement packaging, long lead times and unnecessary stock out of essential commodities for public services delivery.

Additionally, there was no national standard tender documents, no standard procurement methodologies or consolidated practices for procurement of goods, works and services. This again led to unprecedented violation of procurement practice, poor work ethics and lack of accountability. The existing rules issued by Ministry of Finance/ Treasury then provided limited coverage of procurement function, very out dated, were not consistently interpreted and did not reflect current practices. Even when procedures were specifically set forth in the existing provisions, practices of application were often inconsistent and seriously flawed. According to the report challenges in the

public procurement system in Malawi was compounded by lack of training and that most departments were staffed with unqualified personnel in the area of procurement.

In response to the study report findings the Malawi Government established a public procurement legal framework, first with the enactment of Public Procurement Act 2003 (PPA 2003) followed by Public Procurement Regulations 2004 (PPR 2004) and Desk Instruction 2004 (DI 2004). These three instruments embrace legal significance of procurement procedures which contains detailed guide lines on all public procurement related matters including training of practitioners and recommended levels of qualifications. The framework also enshrines the establishment of office of Director of Public Procurement (ODPP) as an implementing and oversight body of public procurement. This law mandates ODPP to carry out audits and various trainings in all government departments to ensure the law is understood and properly rolled out to achieve the intended purposes. The reform has not only been rolled out, implemented and overseen but has been tracked by various procurement capacity assessments reports with feedback and recommendations. There has been development of procurement strategies and capacity developments and tailor-made trainings to reinforce this policy mechanisms. Despite all these change initiatives and policy intervention mechanism in public procurement business, with an extensive and specific reform in public procurement systems to an extent that Malawi now has a fully-fledged and comprehensive procurement legal framework - *what do we hear?*

- ✚ Procurement waste, fraud and corruption in Public Sector
- ✚ Cash-gates – Public Procurement’s non-existent contracts being paid
- ✚ Failed or delayed public infrastructure projects
- ✚ Insufficient or no supplies in public health facilities
- ✚ If available, quality is either very poor or untimely deliveries leading to unnecessary stock outs and expiry of most needed drugs
- ✚ Political Interference in public procurement processes, where politicians are in forefront of negotiating and making procurement decision

One wonders whether the public procurement reform in Malawi has had the intended efficiencies, effectiveness and economies desired. If – “YES” to what extent has been the impact. It is evident that public procurement related scandals; waste, fraudulent acts and corruption cases in the procurement processes are rampant infesting the media almost on daily basis. If this is the case then what are the impediments to the reform enforcement to realise intended objectives? In a quest for hard facts to understand why fraud, corruption and waste is still rampant in public sector procurement business infesting the media recurrently in light of a fully-fledged operational procurement legal framework; I am coerced to believe that either the PPA 2003 is not adequate to proactively deter procurement malpractices or PPA 2003 has significantly illuminated procurement processes that no scandal can go unnoticed by its stakeholders. These are the tenets yet to be unearthed by this research study because incidences of public procurement malpractice has direct detrimental effects on public services deliveries.

This perceived inverse relationship of the reform and realities on ground enshrines the overall objective of this study to investigate how the Public Procurement Reform Program has impacted on public expenditure to enhance public service delivery in Malawi with specific attention to public health service provision. In the same manner the study will further examine the impact of specific provisions of the Public Procurement Act 2003 on public health services delivery.



In pursuit for knowledge to understand the main cause of this perceived antithetical relationship, some of critical provision in the Act in context shall require in-depth examination, this will among others include, the establishment Office of Director of Public Procurement (**ODPP**) now (**PPDA** the oversight body (*implementation and compliance enforcement*), Procurement Methods, Annual Procurement Budgets, Annual Procurement Plans, Annual Procurement Audits. These critical provisions will be followed through to see how they have been expanded in regulations and subsequent desk instructions. How they have aided attainment of procurement efficiency and economy.

Procurement Regulations and Desk Instruction provide practitioners with basic principle of the law and detailed processes and procedures for interpretation and implementation. The provision for the establishment of ODPP will particularly be assessed on enforcement mechanism regulation and monitoring the implementation of national procurement systems to ensure government expenditures in public health sector is done in a manner as intended embracing principles of transparency, accountability, competition, value for money and integrity to positively impact on public life of Malawi citizens.

This thesis will investigate how policy reforms in the procurement have affected the health sector. The study will adopt the Wagstaff (2002) and USAID Health Systems (2012) conceptual models. The models identify seven key independent variables, which are highlighted in Figure 3. below:

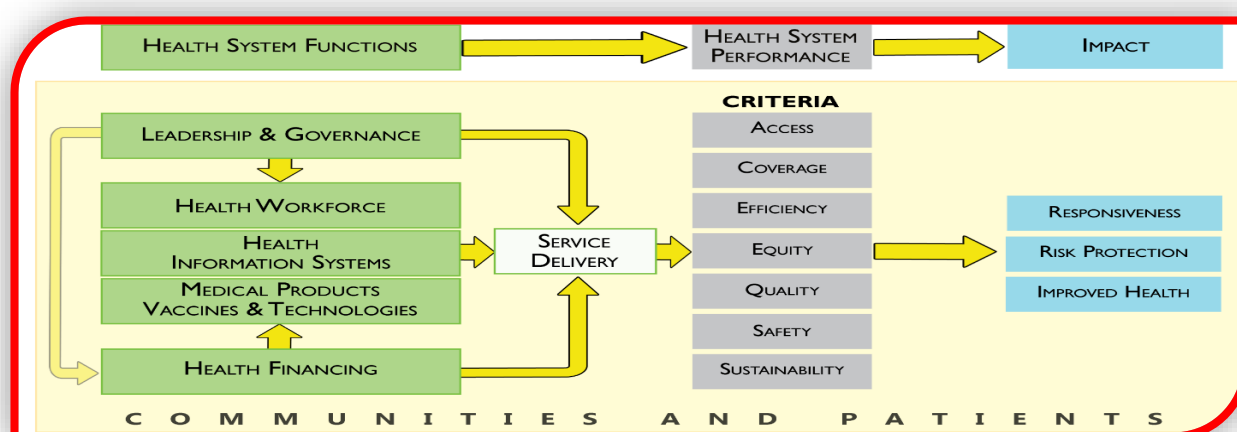


Figure 3: USAID Health System Model (2012)

### 1.9.1 Performance Criteria

The USAID Health System Model (2012) has highlighted Health System Performance Criteria as shown in Figure 3 above. Out of the seven listed criteria in figure 3 only those with direct relation with Public Procurement Reform will be reviewed and evaluated to see the derived influence from Reformed Public Procurement. It was indicated earlier in this chapter that delivery of public health services is a very complicated process nevertheless; out of this complicated wide continuum inputs this thesis will narrow its investigation to Malawi Public Finance Reform with a particular focus on Public Procurement within this **National Public Finance Reform** of 2003. The paradigm of this

research thesis analogous to the model above, one would see that a meaningful reform of public finance where procurement falls has the direct impact on public health system performance whose output among others is improved health services. It is this selected reform critical path this thesis desires to establish whether the Reformed Public Procurement of Malawi has realised the impact on Public Health Services.

Following literature review on National Health Policy of the Republic of Malawi Vo3 o4 2018 and the Public Procurement Reform revised diagnostic report of June 1996 by the International Procurement Consultant (IPC) Washington DC the following criteria of Quality, Efficiency, Lead Time, Sustainability (Economic), Access and Coverage similar to those in the model above have been link to be among resultant output of Public Procurement.

1. Quality
2. Access
3. Efficiency
4. Lead Time
5. Coverage or Availability
6. Sustainability (Economic)

Further reference to procurement diagnostic report for the Republic of Malawi, the consultant then faulted the then Public Procurement System that the system was not capable to deliver quality, access, availability, lead time, sustainability with efficiency and effectiveness because of lack of comprehensive public procurement legal framework, capacity and institutional framework. Lack of “Legal Framework” meant lack of standard procurement procedures, no standard procurement methodologies or national documents, and inadequate supplier qualification. Lack of “Capacity” meant not trained supply chain professional available while lack of “Institutional Framework” meant no oversight body. This state of affair in the then procurement system could not support the six listed performance criteria. It is therefore the role of this research study to assess the impact of the reform on these performance criteria.

## **1.10 Research Aim and Objectives**

### **Main Aim**

Investigate the Impact of Public Procurement Reform on Public Health Service Delivery

### **Specific Objectives**

- Establish whether there is a relationship between the Reform and Health Service Delivery
- Evaluate how Reformed Public Procurement supports or hinders key health delivery variables of quality, access, availability and efficiency.
- To examine whether the Procurement Reform is a determinant factor of efficiency and effectiveness in Public Health Service Delivery
- Assess the adequacy of the reform to deter political influence in public procurement processes

In attempting to find out whether the reform program has achieved the intended effectiveness in the procurement system, the study will be guided by the following research questions.

### 1.11 Research Questions:

#### Main Question

- What is the impact of Public Procurement Reforms on Public Health Service delivery the case of Malawi?

#### Specific Question

- Is there a relationship between Reformed Public Procurement and Public Health Delivery
- To what extent is the Public Procurement Reform acting as enablers to critical health delivery indicators of availability, accessibility, efficiency, sustainability and quality
- Is Reformed Procurement a determinant factor of efficiency and effectiveness in Public Health Service Delivery
- Have Procurement Reform provisions enriched the deterrent factors of political influence in public procurement processes?

### CONCEPTUAL FRAMEWORK OF THE INTENDED IMPACT OF PUBLIC PROCUREMENT

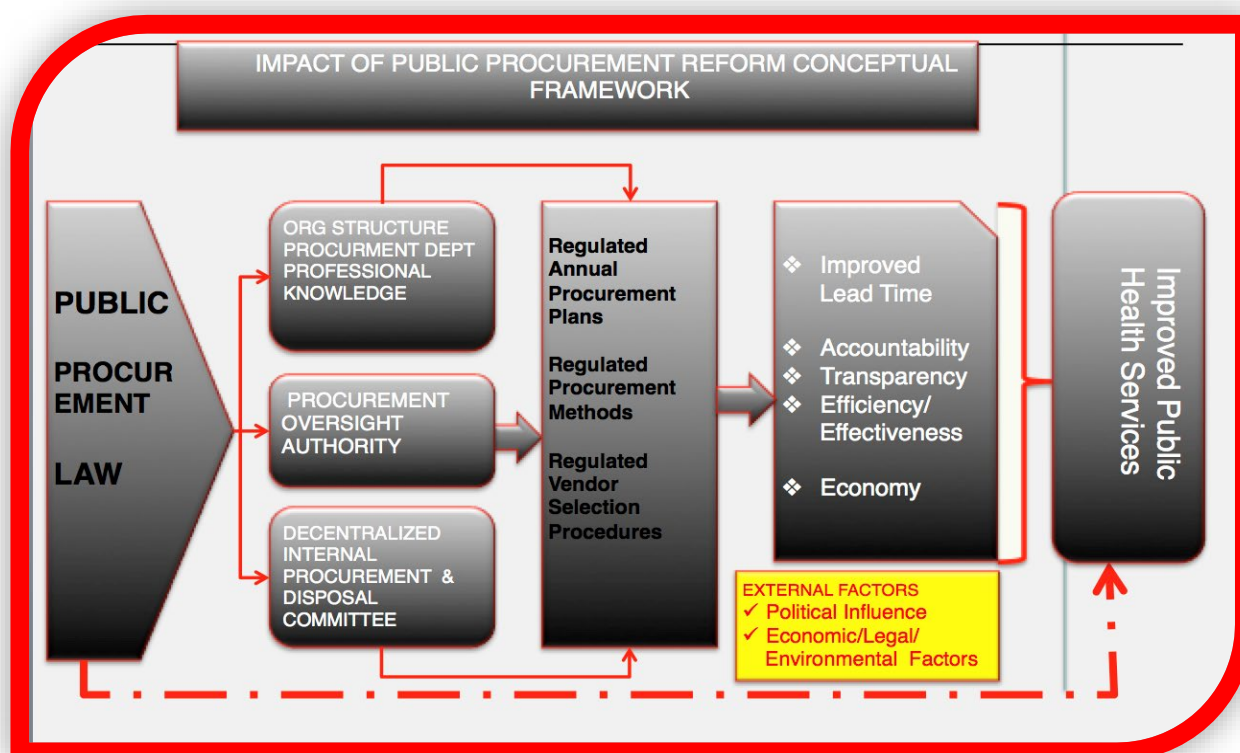


Figure 4: Conceptual Framework – Intended Impact

In an ideal situation the Public Procurement Reform was meant to improve public spending with direct impact on public service delivery. The conceptual framework above depicts a summary of relationship of broken-down variables of the procurement law leading to processes meant to improve the delivery of services.

## 1.12 Research Significance

This study is designed and intended to investigate the impact of the Public Procurement Reform on delivery of Public Health Services particularly in the Republic of Malawi. As part of Public Finance Management Reforms, Public Procurement Reform was intended purposefully to regulate the aspect of government expenditures that translate the public purse into public good, works and services, which in-turn create public infrastructure for the common good of its citizen. Public infrastructure is a very important vehicle that delivers public services and economic growth among other things in a country. In relation to this, the significance of this research studies intend to encompass policy implication, academic and knowledge contribution in the area of public procurement as a field of study and practice

1. **Policy Implication:** The research thesis is set to undertake an investigation on procurement reform against service delivery within the public procurement policy framework. The research findings will reveal whether there is a policy implication. A policy Implication may be defined as broad statements derived directly from research findings, express new information, suggesting a direction, or identified a need or a problem. The implication may suggest whether or not current reform or policies are working successfully. It is therefore envisaged that the key findings may provide a direct link or bridge between the policy itself and the intention of program. Key finding are intended to urge policymakers or practitioners to take specific actions to either change the policy, update the policy, or review enforcement and implementation programs.
2. **Academic Implications:** In academe, the findings of this research could serve as the substratum for further research into the area of assessing the effectiveness of public procurement reform to the achievement of delivery of public works, goods and services. This will also add insight to the body of knowledge in the area of public procurement. The government of Malawi through these continued research studies will have an opportunity to refine its public procurement system and tailor make it to suit the local parameters which may in – turn greatly improve service delivery. Locally enshrined policy is better placed and well informed to advance the most cherished efficiencies and effectiveness while bidding down corrupt practices and eliminating waste in the process.
3. **Knowledge Contribution:** The research thesis is focused on addressing the knowledge gap perceived to exist in public procurement as an area of study and practice through an investigation of the impact of the reform on public services delivery.

✚ What is the impact of the *public procurement reform* on delivery of Public Health Services?

If the reform is adequate enough to realise procurement efficiencies and economies then why do issues of corruption, political interference and wastage in public sector related to public procurement dominant in the media. *In my opinion “This may either suggest that the reform has illuminated the public procurement processes to the extent that no procurement scandal can go unnoticed or the reform is not sufficient or adequate enough to enforce*

*efficiency and effectiveness to address issues of corruption, political interference and waste in a more proactive manner*”. This research thesis exactly intends to investigate the reform as a function of service delivery. It is highly expected that a missing link will be identified that will help to reconcile gap between the intended effort and the actual outcome of the reform.

This study will therefore be significant to the Malawi government, the public and international community at large be it donor community or investors. The study will provide insights and to a certain degree vet the Malawi Government public procurement system which to an extent form a large sum of public expenditure in the government annual budget. The principles of public procurement will be mirrored to see whether taxpayer’s money and foreign aid is spent and deployed in manner as intended.

The government organizations, governance institution, foreign investors and donor community will be made aware of the strength and weaknesses in the current public procurement practices if any. With this information they will be better equipped to provide resources for capacity building, strategies and reforms so as to make the system robust capable to drive down fraud and corruption which is the greatest enemy in the developing countries while at the same time aiding the government to achieve its strategic objectives, in the realms of Poverty Reduction Strategy (PRS) and Malawi Growth and Development Strategy (MGDSIII).

### **1.13 Research Limitation**

Much as there is considerable literature regarding the public procurement, most of it covers developed countries World Bank, (2007). Thus the information will not necessarily be directly applicable to Malawi. Limited locally tailored literature shall surely impede search of facts from secondary data. Realizing this, the study will as far as possible benchmark procurement practices guided by similar reforms from the Southern and Eastern Africa Region to backup the findings that will be identified from Malawi.

Another limitation is sensitivity of procurement environment and the availability of government information on the same more especially that we are in the period when most of government department have been or allegedly defrauded public resources via procurement transactions in syndicate commonly known as Cashgate. The revelation of Cashgate has created unprecedented tension and negative perception in most public offices that searching for information in finance or procurement related records might mistakenly be viewed as act in bad faith intended to discredit the public office with the information sourced thought to be in disguise of an academic research.

On the other hand, it is generally not uneasy to get information from government offices when its website is updated regularly or when there is no political tension. Nevertheless, not this time around it will even be stiffer with tension and animosity of Cashgate issues going viral in the media. Cashgate is commonly defined as a financial scandal involving looting, theft, and corruption in the public services that happened in the Capital City Lilongwe at Capital Hill the headquarters seat of Government of Malawi. A resort to the government website reveals that it is infrequently updated. These limitations are hoped to be mitigated through the face-to-face interviews with major stakeholders and key informants to government operations. The interviews will establish what is applicable or acceptable against what is currently happening in Malawi, and the interviewees will hopefully bridge the information gap.

It has been stated elsewhere that the study will be limited to the analysis of impact of public procurement reform on delivery of public services particularly public healthcare in Malawi as an area of interest – “the dependent variable” with prior understanding of independent variables such as approved budget, statutory obligations, auditing and actual funding. Much as it is realized that the topic is wide and broad, this study is determined to investigate this impact of PPA 2003/now PPDA 2017 on public health sector in a manner that it will provide balanced information to the stakeholders and policy maker on whether this piece of this legislation is relevant, reactive or proactive, weak or strong to yield the intended impact.

#### **1.14 Research Structure:**

Research Structure is basically an outline of the work carried out in this thesis in an endeavour to answer the Research Questions in pursuit to solve the existing problem in the area of study. This structured study eventually is believed to contribute knowledge to practitioners, students and stakeholders in public procurement system. Below is the outline of the summary for easy reference to the readers.

Major milestones of this research were the defence of the proposal and approval granted by the government on the research ethics prior to commencement of data collection. The Malawi government has a national research committee. The main purpose of this committee is to vet the proposals and assess the ethical aspect of the research. It is until after the committee has granted the ethical clearance approval collection of data may not commence.

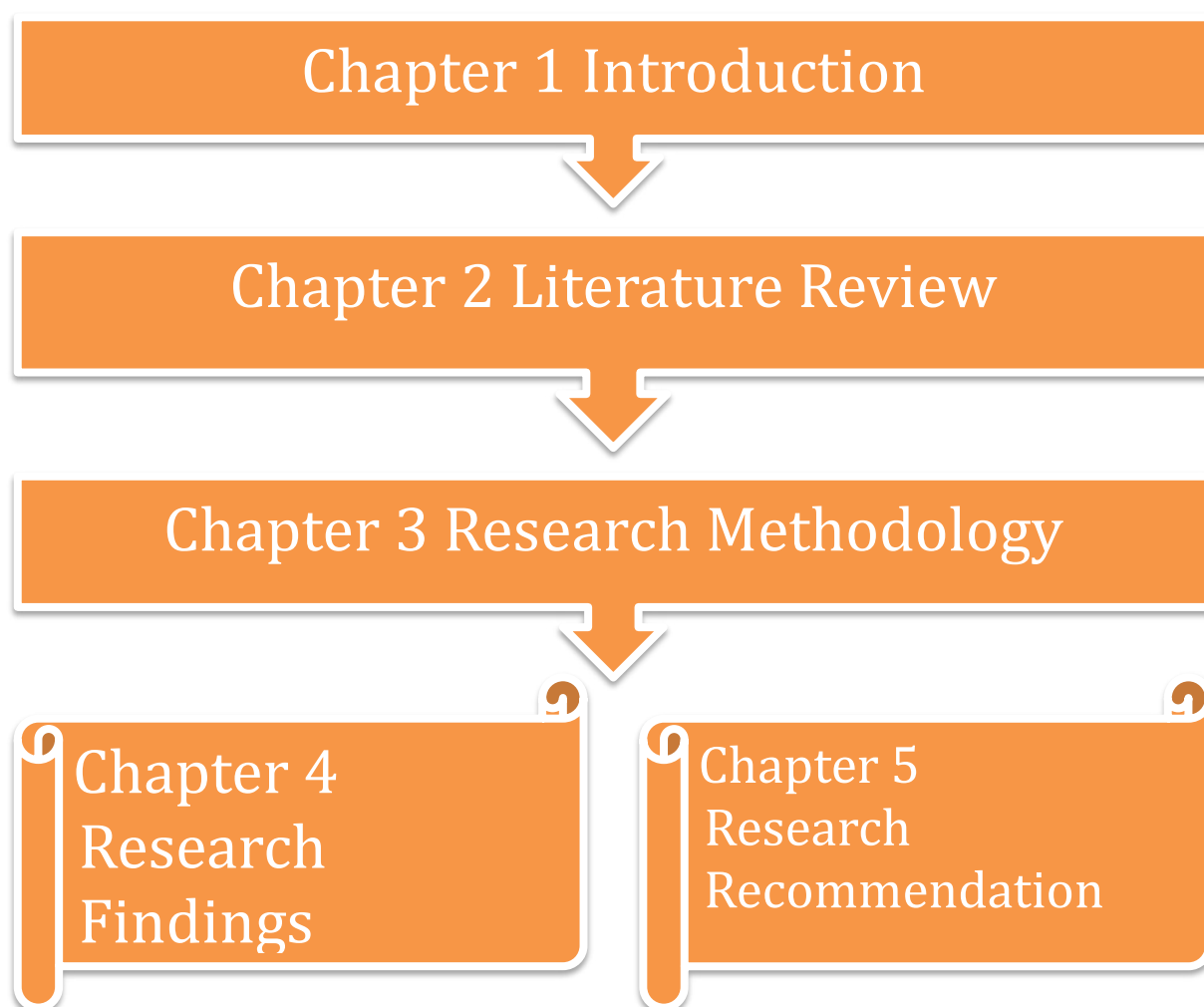


Figure 5: Research Structure



## CHAPTER 2

### 2.0 LITERATURE REVIEW

#### 2.1 Introduction

This chapter presents the literature review, which is meant to be a critical analysis of published/unpublished sources of information on a particular topic related to the selected area of research study. McCombes (2020) defined a literature review as a survey of scholarly sources on a specific topic that provides an overview of current knowledge, allowing researchers to identify relevant theories, methods, and gaps in the existing research. Further McCombes outlined that writing a literature review involves finding relevant publications such as books and journal articles, critically analysing them, and explaining the content and context of the knowledge discovered. This research literature has adopted the five key steps as proposed by McCombes:

1. Search for relevant literature
2. Definitions of Key Concepts
3. Evaluate sources
4. Identify themes, debates and gaps
5. Outline the structure
6. Then write literature review

Boote and Beile (2005) Pointed out that literature review should go beyond the search for information to include the identification and articulation of relationship between literature and the field of research. They further contended that literature review should provide a context of the research, justify the research, and ensure that the research has not been done before; or else expose knowledge gap; the fact which Cooper and Schindler (2008) agrees that there is no need to re-invent the wheel in research studies.

The literature Review also is meant to enable the researcher learn from previous theory on the subject, illustrate how the subject has been studied in the past, and helps clarify and refine both research questions and objectives as cited by Saunders et al (2009). This literature review therefore intends to be a project report that will be a description and critical analysis of what other authors have written as echoed by Jankowicz, (2005).

#### 2.2 Definition of Key Concepts

Definitions, quotations, cited concepts and arguments for Public Procurement Reform have been collected from diverse documented materials and online latest resources without losing focus of the historical perspective of unfolding events surrounding public procurement reform history. The research arguments, concepts and definition will be drawn around major political changes of 1994 and finance management reform of 2003 with the donor community and public outcry against inefficient in public service as the major source of pressure towards political change and birth of the reform. Public Procurement Reform, which is the central theme in this literature review as observed from different worldview points is depicted in the framework below. Global perspective gives the literature review an international response to the merits and demerits of Public Procurement Reform



on delivery of public services. On the other hand, the African perspective responds to the same merits and demerits leading to reform in a local and regional set up in Africa.

## LITERATURE REVIEW CONCEPT MAP

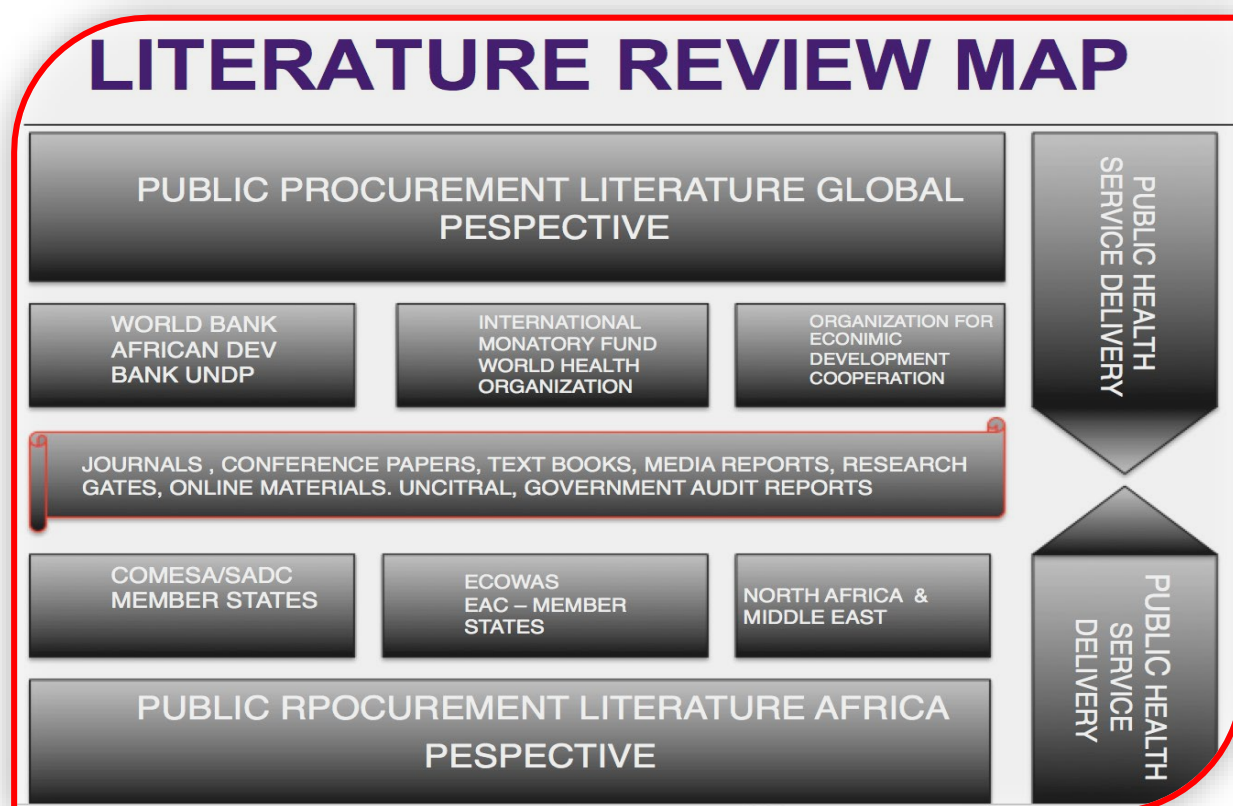


Figure 6 Sources: Literature Review Framework

### 2.2.1 Public Procurement

OECD (2020) defined Public Procurement as purchases of goods, works and service using public funds by governments and state-owned enterprises. As public procurement accounts for a substantial portion of the taxpayers' money, governments are expected to carry it out efficiently and with high standards of conduct in order to ensure high quality of service delivery and safeguard the public interest.

Wittig, (1998) stated that Public Procurement may be defined as the purchase of commodities and contracting of construction works and services if such acquisition is effected with resources from state budgets, local authority budgets, state foundation funds, domestic loans or foreign loans guaranteed by the state, including foreign aid as well as revenue received from the economic activity of state. On the same note World Bank, (1995a) described Public Procurement in a sense that means procurement by a procuring entity using public funds. The items involved in public procurement range from simple goods or services to large commercial projects, such as the development of infrastructure, including roads, power stations and airports.

World Bank, (1995a) further stated that public procurement is different from private procurement, because in public procurement the economic results must be measured against more complex and long- term criteria. Likewise, public procurement must be transacted with other considerations in mind, besides the economy.

These considerations include accountability, non-discrimination among potential suppliers and respect for international obligations. For these reasons, public procurement is subjected in all countries to enacted regulations, in order to protect the public interests. It is worth noting that unlike private procurement, public procurement is a business process using public funds within a political system and has therefore significant consideration of integrity, accountability, national interest and effectiveness

Public Procurement Reforms in Sub-Sahara Africa by Mariz, et al (2014) explained that Public Procurement is the purchase of goods, works and services, mainly from the private sector, that uses public funds or guarantees from the government. It is part of the broader public financial systems that includes two important phases: budget formulation and budget execution.

From the four definitions of Public Procurement considered above, what has been observed as common fact is the use of the words “Public Funds” in every definition. Apart from the occurrence of the words “Public Funds” there are several dynamics in the definition covering a wide array of dimensions such as political considerations, adherence to international obligations, efficiency and effectiveness, national interest, integrity and accountability. This makes Public Procurement complex and at the same times a center of attraction by myriad of stakeholders. An evaluation of these definitions has displayed a converged similarity in the meaning of Public Procurement as observed by many authors and international organization over the years. This thesis has therefore considered these definitions as true reflection of what Public Procurement is and shall be construed so in this research thesis. This thesis has further considered Public Procurement definition as a ruled based transparent process of converting approved government budget into goods, works and services.

It should also be taken into account that despite the definitions above considered fit by many international organizations and authors, public procurement complexity seems further deepened by this concept of *“balancing government policy with politics.”* On one hand there is a need to ensure value for money on behalf of taxpayer and the need to ensure that the processes to achieve this are fair and open to scrutiny. On the other hand there is considerable pressure to consider political interests. Consideration of national interests, international obligations has a huge bearing on innovation, continuous improvements and can easily stifle quality and cost effectiveness. Since emphasis of public procurement rests on adherence to procedures it is therefore imperative to have public procurement procedures reviews frequently probably in every three years with intermittent annual updates to accommodate the ever-changing globe business environment.

### 2.2.2 Public Procurement Reform

It is the technical and administrative process meant to improve or amend what is incorrect, corrupt or unsatisfactory in order to improve efficiency and effectiveness in public procurement processes. An underlying intent of public procurement reform is to promote principle pillars in procurement practice which is accountability, transparency, competition and value for money. The motivation of

reform is meant to ensure that public procurement is done in a manner to protect public interest while aiming at improving public services delivery.

### 2.2.3 Public Funds

Business Dictionary (2016) defines Public Funds as those generated by the government to provide works, goods and services to the general public. According to the University of Kansas (2009) defines public funds as funds that come from the public treasury. It is revenue generated from tax payments, and meant to be used to fund things that benefit the public, including health, human service, environmental development, community development and other public service programs. Public funds are used for the common good of society rather than the benefit of a private individual or for a private purpose. Even though public funds may not be used for personal benefit, there are personal benefits that may result from the expenditure of public funds. One personal benefit of the expenditure of public funds is the salary of a public employee. The public employee personally benefits from the payment, but the payment is necessary to acquire the services of the individual that is providing a service for the benefit of the public.

### 2.2.4 Public Policy

White (2020) [online] Public policy is the means by which a government maintains order or addresses the needs of its citizens through actions defined by its constitution. Dictionary (2016), defines Public Policy as declared State objectives relating to the health, morals, and well being of the citizenry. In the interest of public policy, legislatures and courts seek to nullify any action, contract, or trust that goes counter to these objectives even if there is no statute that expressly declares it void. Kilpatrick (2000) states that Public Policy may be defined as a system of courses of action, regulatory measures, laws, and funding priorities concerning a given topic promulgated by a governmental entity or its representatives. In simple terms policy alone may be considered, as simply a body of principles meant to guide authorities in decision-making.

The definitions of public policy may sound vague or confusing, it is likely because a public policy is generally not a tangible thing but rather is a term used to describe a collection of laws, mandates, or regulations established through a political process. Legal Dictionary (2016) stated that public policy manifests the common sense and common conscience of the citizens as a whole that extends throughout the state and is applied to matters of public health, education, safety, and welfare etc. It is in general, a well-settled public opinion relating to the duties of citizens to their fellow citizens. It imports something that fluctuates with the changing economic needs, social customs, and moral aspirations of the people. Public policy enters into, and influences, the enactment, execution, and interpretation of legislation.

### 2.2.5 Public Service Delivery

Shah (2005) stated that public service as a service, which is provided by government to people living within its jurisdiction, either directly or through the public sector organizations or by financing provision of such services. To ensure that public services delivery is effective it has to pass several test which among others may include *Efficacy test*: What is the extent to which the public programs meet stated goals? *Efficiency test*: Are public services being delivered in a least cost manner for a given quantity and quality of services? *Alternate service delivery test*: Is the access to public services being expanded with appropriate partnership or contractual relation- ships

within and beyond government? What activities or programs could be outsourced in whole or in part to the private or voluntary sectors? *Money's worth test*: Are the public funds being put to their best use? On the same topic Martin (2004) explained that Public Services Delivery refers to specific requirements that are imposed by public authorities on the provider of the service in order to ensure that certain public interest objectives are met, for instance health or education.

## 2.2.6 Public Health Services

A Public Health Service is perhaps the most conspicuous public service, and is one among the services facing the most public pressure to deliver improvements on access, time, quality, quantity and cost speedily. In the United States of America the Public Health Service was first established by Act of July 16, 1798 (ch. 77, 1 Stat. 605), which authorized the creation of hospitals to care for U.S citizens.

The World Health Organization (2017) defined public health as the art and science of preventing diseases, prolonging life and promoting health through the organized efforts of society.

The organization further stated that public health services aim at activities that strengthen public health capacities and service in order to provide conditions under which people can maintain to be healthy, improve their health and wellbeing, or prevent the deterioration of their health. Public health focuses on the entire spectrum of health and wellbeing, not only the eradication of particular diseases. Many activities are targeted at populations such as health campaigns. Public health services also include the provision of personal services, to individual persons such as vaccinations, behavioral counseling, or health advice.

## 2.2.7 Public Health Policy

**Health Policy:** According to National Health Policy Vo3 – 04 of (March 2018) the Malawi, Ministry of Health defined Health Policy as Formal statement of intent on health covering vision, goals and broad policy directions and priorities.

The World Health Organization (2016) refers to public health policy as decisions, plans, and courses of actions that are undertaken to achieve specific health care goals within a society. An explicit health policy can achieve several things: it defines a vision for the future which in turn helps to establish targets and points of reference for the short and medium term. It outlines priorities and the expected roles of different groups; and it builds consensus and informs people.

## 2.2.8 Impact

Markless and Streatfield, (2006a), borrowed a definition of impact from the educational evaluation literature of Fitz-Gibbon, (1996), who defined ***Impact*** as any effect of the service or of an event or initiative on an individual or group. This definition acknowledges that the impact can be positive or negative and may be intended or accidental. When using this definition, measuring impact is about identifying and evaluating change. The essential element of impact is change: the ways in which individuals, groups, communities, systems or organizations are changed through public reform programs or results of the program. The definition of Impact here correlates with purpose of this research study. The main aim of this study is to investigate the Impact of Reformed Public Procurement on delivery of Public Health Services. The simple question that arises is “what is the

Impact of the Reform?” This is what the research study would like to answer at the end to this project.

## **2.3 Public Finance Management Reform**

Pretorius. N and Pretorius. C. (2009) pointed out that strong Public Financial Management (PFM) systems are essential to improved general public service delivery, poverty reduction and lead to achievement of the Millennium Development Goals (MDGs). Effective PFM systems maximize financial efficiency, improve transparency and accountability, and – in theory – will contribute to long-term economic success. Activities of the reform may range from the preparation and fulfillment of the budget cycle, budget oversight and control, taxing and debt management and procurement, to resource allocation and income distribution. These activities are increasingly seen as a set of inter-related sub-systems, organizational and political cultures, rather than a stand-alone activity.

Procurement reforms and the modernization of procurement systems in developing countries have recently received increased attention. Objective indicator-based assessments of procurement practices were only launched in 2008, so the evidence of success is somewhat limited. However, in the Philippines success is reported as being due to strong ownership of less than perfect reform, rather than no ownership of state of the art practices. This underlines the importance of understanding how the political economy functions, although there is no evidence from the literature, of analysis having been carried out to inform procurement reform.

### **2.3.1 The Malawi Government:**

In 2003 Malawi passed three public finance management laws with an aim to improve management of public expenditure after issues of corruption and waste in public service delivery system were rampant. These were commonly called the three Ps of 2003. To an extent, this was an aid condition by the donor community particularly the World Bank. This public expenditure reform process saw the enactment of Public Finance Management Act 2003, Public Procurement Act 2003 and Public Audit Act 2003. The overarching objective was to bring about efficiencies and effectiveness in public expenditure.

In as much as all the three work together and reinforce each other this research thesis will however, concentrate only on the finance management reform aspect that saw the enactment of Public Procurement Act 2003 as a major milestone in the public procurement reform in Malawi as far as regulation of government procurement system is concerned. This first generation of the public procurement regime in Malawi was a component in the government effort to achieve the overarching objective in management of public funds to derive efficiencies and effectiveness in delivery of public services, which among them is Public Health Service Delivery. Among the three, Public Procurement Act 2003 particularly rested on transparency, fairness, accountability, competition, and value for money as its strategic pillars derived from UNCITRAL Procurement Model Law.

Following the reform this research thesis therefore intends to investigate the impact of public procurement reform on public service delivery with a principal focus on public health services in Malawi. This first generation of public procurement regime that was meant to illuminate



procurement processes in the public sector, therefore the same will be examined to appreciate the impact whether the intended efficiencies and effectiveness have been attained and to what extent.

African Development Bank (2013) confirmed that the Government of Malawi has been reforming its PFM systems over the past decade. As stated above the reforms included: enacting new laws such as Public Procurement Act 2003, Public Audit Act 2003 Public Finance Management Act 2003. Not only were the laws enacted but policies and procedures like budget procedures and financial systems such as Integrated Financial Management Information System and Valued Added Tax were reviewed. The reform went on further in establishing new institutions like the Malawi Revenue Authority (MRA) while in line with public procurement reform the Office of the Director of Public Procurement (ODPP) was established.

The bank further pointed out that full benefits of the reforms are yet to be felt in terms of aggregate fiscal discipline, strategic allocation of resources and effective service delivery. In Malawi, it is estimated that 70% of the budget is spent through procurement related transactions. However, the 2011 Procurement Audit Report identified a number of challenges, which prevent public resources being efficiently used. Capacity challenges such as limited skills, a 44% vacancy rate and weak coordination also affect the public sector. The Public Finance Management Reform (PFM) was meant to strengthen capacity in the public sector resource management with a view to enhance competition, efficiency and controls in public procurement as one of the reform candidate of the project.

### **2.3.2 Public Procurement and Stakeholders**

Since this thesis will concentrate on Public Procurement Reform as part of Finance Management Reform in Malawi the environmental scan surrounding the reform will inevitably be reviewed with a little touch of the international aspect of the public procurement reform subject. This will help understand whether the required premises of compliance to the procurement legal framework is virtually supported by stakeholder or to the contrary the stakeholders are in forefront suffocating the legal implementation of the reform or which segment of stakeholders are an impediment to the smooth operationalization of the law. To echo the sentiments as stated the Chartered Institute of Procurement Supply CIPS (2016) affirmed that - In any activity an organization undertakes, whether strategic, operational or tactical, the activity can only be successful with the input, commitment and support of its key stakeholders.

“Successful implementation of an activity depends on the support and commitment of key stakeholders” This will be the driving statement as this thesis investigates the impact of the public procurement reform on public service delivery in Malawi with focus on public health services. For many years inadequate and under performance of public health services has been an area of ridicule in the media, general public and a born of contention in political campaign circles whilst all fingers point at government as a source of failure yet there could be many factors leading to the perceived inefficiencies. The Institute additionally emphasized that gaining and maintaining the support and commitment of stakeholders requires a continuous process of engaging the right stakeholders at the right time and understanding and managing their expectations as such will lead to concerted effort in improving delivery.

The Institute further stated that sound public procurement is part of sound public financial management. Principles of competition, transparency, accountability and value for money are central. However, public procurement is more than a PFM function. It is an important interface

between business world and government, under the scrutiny of a civil society as one of the stakeholders that voluntarily wants to see money spent well and not squandered. Civil society role as a stakeholder should be welcomed and be guarded against abuse.

Schnitzer et al (2013) acknowledged that implementing an effective public procurement system based on transparency, competition and integrity is not simple. He however quickly pointed out that a procurement system that lacks transparency and competition is the ideal breeding ground for corrupt behaviour. The author in this thesis agrees with this statement and is convinced that indeed public procurement by its nature is prone to corruption, as it constitutes a business meeting place for the public, private sector and nongovernmental institutions; it is even worse in cases of unregulated public procurement, which is shy of integrity, transparency, accountability and competition. It is in the face of this common context that it is superficially hard to prune corruption from procurement, which calls for impact assessment of the legal reform in the area. It is this impact assessment that will to an extent unearth the underlying factors whether procurement is indeed prone to corruption or it is political influence, non-compliance to legal framework, deliberate understaffing of procurement department and or could be the supply market behaviour that create disposed environment to breed decay in the process.

Understanding the public procurement environment and the subsequent stakeholders with their relative interest, power or influence is vital in assessment of the impact of reform on public service delivery. Mendelow, (1991) provides a useful matrix for determining the potential influence of the stakeholder groups of an organization in this case the procurement process. It looks at two dimensions – the level of interest the group has in the organization, and the level of power or influence they have over the organization. This matrix will at one point in the course of assessing impact be mirrored in the procurement process of public health services as a government department.

### 2.3.3 Public Finances and Public Procurement

World Bank /IMF (2002) indicated that in the period between 1999 to 2002, more than 40 % of Malawi's public expenditure, an equivalent of 235 million US\$ on average passed through public procurement. This translated to 16.2 % of the GDP during that period. As the government's development agenda widens, the percentage of procurement expenditures has been rising. The Auditor General (Malawi), reports that between 70 and 80 % of annual budget of **Other Recurrent Transactions** (ORT) go to procurement alone. Such a magnitude explains why corruption stakes are high in public procurement. This therefore underscores the significance of having a properly regulated, monitored and overseen procurement system in order to achieve savings that can be committed to other areas of socio-economic importance.

There is very high economic correlation between finance and procurement. Prudent finance management has a direct positive impact on the entire procurement cycle while on the other hand judicious procurement leads to direct saving on financial resources. A proper and realistic formulated national budget translates into feasible procurement plan. It is procurement processes that translate national budgets into goods, works and services, which together form public infrastructure. In turn, public infrastructure turns out to be an economic vehicle for governments to deliver the national economic objectives, which enhances public service delivery.

Malawi's Public Procurement Authority in its Annual Report (2017) confirms Auditor Generals report that 70% of the national budget goes through public procurement transactions. As alluded to

by several authors Public Procurement faces the same common dimensions of challenges with a lot of questionable political interest and influence as may be in other critical public technical functions such as finance. Unprecedented interest and influence generally comes from grouped categories of internal and external stakeholders. Both categories have either vested positive or negative influence on procurement processes. The only hope to restrain negative vested interest and regulate vested positive interest in the legal framework that is now in place. Major concern is how much is the law resilient to arrest and regulate these divergent vested interests. In this multidimensional challenge of influence procurement practitioners, user departments, finance, and stores are often regarded, as internal stakeholders to procurement process while the politicians, civil societies, the media, professional institution, the public at large and the supply market may constitute the external stakeholder's category. In this regard the government itself is considered to be either internal or external stakeholder to public procurement process depending on the nature of procurement. This continuum will be analyzed in quest for assessing impact of the reform on public services delivery in national health care set up to see how much the reform has deterred these multidimensional influences.

UNPCDC (2016) outlined that public procurement is a crucial function of government. It has direct impact on the achievement of public policy objectives and because of its enormity in scale; its efficiency and effectiveness levels have a huge impact on its operations. Public Procurement accounts for an estimated 19% of world GDP. Globally, that amounts to USD 13.3 trillion in 2011. At such a scale, Public Procurement can be a significant driver for change and development, which can improve public service delivery and prudence in financial management.

OECD/ODA PARIS, (2004) All the donor community have recognized that in order to bring about effectiveness of the use of public funds and any other resources including funds provided through official development assistance countries need national procurement system that meet international standards and that operates as intended. Malawi has just done exactly that. Malawi public procurement legal system that got enacted in 2003 (PPA 2003) is based on the UNCITRAL procurement model law. It is therefore highly expected that the system should work for the government to improve delivery of public services.

The main themes in all articles reviewed were effectiveness and efficiency in management of public funds. Themes were all debated with background knowledge that public procurement is the largest proportion of expenditure in many government budgets. My view for the reason why in all these discussion around the attainment of efficiency and effectiveness does not yield the most needed result is because of poor or no planning at all in public procurement. Public Procurement suffers poor planning in the face of long bureaucratic procedures, which characterize procurement instruments. It is even worse in an emergency situation as turn round time in responding to emergencies is unnecessarily long that renders itself ineffective and redundant to respond to one-time off crisis. Emphasis on planning and policing mechanism for non-adherence to planning should be very clear in the public procurement guiding instruments. Waivers to bureaucratic procedures in the face of crisis should be user friendly and defined without ambiguity.

## 2.4 Public Procurement Reform

Public Procurement Reform like any other reform is the technical and administrative process meant to improve or amend what is incorrect, corrupt or unsatisfactory in order to improve efficiency and effectiveness in public procurement processes which in turn acts as one among the catalysts in



public service delivery. Many African countries even some in the West and Middle East have had their procurement reform recently. Malawi among them commenced its reform process as early as 1996 with diagnostic report by consultants – the IPC of Washington DC. The reform process only came to fruition in 2003 with Malawi Parliament passing the Public Procurement Bill into law alongside establishment of the Office of the Director of Public Procurement 2004. For 39 years, prior to the reform Malawi procurement system derived its mandate on method and procedures from Finance and Audit Act 1979. As stated above the Malawi Public Procurement law was modelled on UNICITRAL (1994) model law on public procurement.

### 2.4.1 Public Procurement

Mariz, et al, (2014) defined Public Procurement as the **purchase** of goods, works and services mainly from the private sector, that uses public funds or guarantees from the government. It is part of the broader public financial system that includes two important phases: budget formulation and budget execution. According to Cambridge English Dictionary (2016) Public Procurement is the **buying** of goods and services by government organizations. The office of Government Commerce in UK (2014) defines Public procurement as a process whereby public sector organizations **acquire** goods, services and works from third parties. It includes much that supports the work of government and ranges from routine items e.g., stationery, temporary office staff, furniture or printed forms, to complex spend areas e.g., construction, Private Finance Initiative projects, aircraft carriers or support to major change initiatives. The Malawi Public Procurement Act (2003) defines procurement as acquisition by any means of goods works and services and shares the use of the word acquisition with UNCITRAL procurement model law.

From the four definitions cited above, what is coming out clear is how public procurement has been unfolded using three different words that is ***purchase, buying and acquire***. Here the word procurement seem to take various angles depending on whom is defining it or what the writer intends to deliver. Nevertheless, to put the subject matter into proper perspective or probably articulate a disarmed definition, the word procurement ought to be unpacked separately from the word public.

From my own experience procurement may broadly be defined as the overarching function that describes the logical activities and sequential processes to obtain goods, works and services by any contractual means.

More importantly, and distinct from mere “purchasing, buying or acquisition”, procurement encompasses the activities involved in establishing fundamental requirements, such as planning, development of specifications, sourcing activities, vendor selection process, contract negotiation, award and administration. Ideally contract management may be left to the user or specific department who may possess adequate technical knowledge and competence for use or commissioning of the goods works or services in question. From here procurement plays a major role in payment process as it completes the procurement cycle. Further procurement is duty bound to conduct supplier appraisal with feedback in an effort to develop the supplier. Purchasing in this continuum is simply an activity.

Most often the literature uses procurement and purchasing interchangeably, however it is important to technically unpack these terms. The term “Purchasing” refers to the process of ordering and receiving goods and services. It is a subset of the procurement as defined above. Generally,

purchasing refers to the process involved in ordering goods such as request, approval, and creation of a purchase order record and the receipting of goods. The author of this thesis therefore views the definition of procurement provided atop as befitting and supports the call for the reform of “public” procurement and the need to establish its sustainable legal framework to guide this rigor complex process. In view of the analysis here this thesis therefore attempted to define Public Procurement as a rule based logical activity and serial process by which government organization obtaining goods, works and services by any contractual means while being guided by a particular set of legal framework.

## 2.4.2 Public Procurement Globe Perspective

Michele, (2009) stated that - The World Bank is a multilateral development bank established by virtue of the Bretton Woods agreement to provide reconstruction finance to the countries devastated by World War II. Morais et al, (2004) contended that the success of the Bank in doing this meant that it refocused its objectives to provide development finance to “under-developed” countries. In response to calls for the Bank to take a more proactive role in fighting corruption in Bank-financed projects, it had no choice but to entrench good governance in Bank borrowers as a condition to access finance support.

Winters, (2002), indicated that the Bank began to impose good-governance and anti-corruption requirements on borrower countries where it provides structural lending or finances a development project. The World Bank, (2006) reports that in addition, the Bank has for decades required that the procurement process for funded projects be conducted according to Bank mandated procedures and has often updated these procedures to take into account new challenges or innovations. On global perspective this was among driver of public procurement reform that has now been accommodated by many countries including Malawi

In many ways, the Bank and the United Nations Commission on International Trade Law have been at the forefront of shaping the international procurement landscape. However, one of the challenges for the World Bank’s procurement system arises from the need to develop a procurement system that is able to meet the Bank’s objectives World Bank Procurement Guidelines, (2011) which Frilet, (2009) agreed that it is useful for Bank borrowers who are at very different stages of socio-economic development. This is especially important where the Bank uses its procurement guidelines as a template for the reform of developing country systems.

The absence of true harmonization in the area of public procurement in earlier decades meant that the Bank had to develop an internationally acceptable procurement system suitable not only for different categories of Borrowers, but also for the different types of sectors, lending instruments and contracts that are funded by the Bank. The Bank’s procurement system is currently seen as a reference point and serves as a model for procurement reform in other development banks and in some developing countries - despite the fact that the Bank’s context of procurement is very different from domestic procurement.

Hunja, (1997, p. 217) states that the Bank procurement guidelines are often updated to reflect new challenges or innovations in Bank-funded procurement and the Bank’s procurement system has undergone significant revision since the first formal procurement procedures were issued in 1964. These revisions reflect changes in the Bank’s approach to corruption, changes to the Bank's membership, and changes in the field of procurement and in the Bank's own lending products.

In 2012, the Bank commenced the most substantial reform of its procurement system, which is part of the Bank's broader modernization agenda and reform of investment lending. This reform is intended to take into account the changing global operating context; the diverse and evolving needs of Bank clients and borrowers; the challenges faced in conflict and fragile states; and the new and diverse instruments the Bank now offers to promote development. Some of the recent changes in the procurement landscape which were not considered by the Bank's previous procurement framework include public-private partnerships and outsourcing, which have fashioned new interactions between the state and the private sector.

The bank has recently made commitments to rely more on domestic country procurement systems in Bank- financed contracts; the Bank has further made efforts to harmonize the procurement practices of the Bank with the other multilateral development banks as well as regional and international attempts to harmonize procurement practices and policies. This research thesis will in its effort to assess the impact of the reform search if the Bank has ever used the Malawi reformed procurement system in any of the bank - finance project in the health sector.

The World Bank Annual Report, (2013), indicated that the direction of World Bank public procurement is of importance globally, first because the Bank provides leadership for the other multilateral development banks in relation to procurement second, because of the large sums of money that are disbursed by the Bank utilizing its procurement framework, and third, because many developing countries engaging in the process of procurement reform are influenced by the Bank's own procurement policy and procedures. Williams-Elegbe, (2013) pointed out that despite the importance of Bank procurement in the global context, there is little academic information available on Bank procurement generally and the proposed reforms in particular. The literature review has indeed converged on the fact that academically the subject area of public procurement or procurement in general has been neglected.

Khi V Thai (2001) acknowledged that academically, public procurement has been a neglected area of study even though government entities, funding institutions and procurement practitioners have diligently worked to improve public procurement practices.

For thirty-nine years of independence like many other African countries Malawi had no legal framework on public procurement yet well over 70% of the national budget more especially Other Recurrent Transaction (ORT) is spent through procurement transactions. It was until after World Bank initiatives in Malawi as a beneficiary of the Bank that public procurement went through the reform that saw the establishment of public procurement legal framework in 2003. The reform was meant to bring technical efficiency and reduce wastage and corruption in the public procurement processes.

Khi V. Thai – (2000) further argued that public procurement is key and very important to the economy and delivery of public services. The sheer magnitude of public procurement outlay has a greater impact on the economy and public services delivery. Emphasizing lack of academic consideration in public procurement or procurement subject in general the researcher in this thesis recalls that it was until 2009, 45 years after independence that the Government through the University of Malawi – Polytechnic introduced Bachelor's Degree in Procurement and Logistics.

UNCITRAL Procurement Model Law, (1994) developed the first comprehensive model law for the procurement of goods, services and construction, to be used as a template for countries wishing to regulate or reform their public procurement systems. Quinot et al 2013 cited that during the 1998

International Conference on Public Procurement Reform in Africa held in Abidjan, as well as the High-Level Forum on Public Procurement Reform in Africa held in Tunis during 2009, enabling legislation and regulations were identified as one of the four pillars of public procurement that needed to be addressed in Africa. Since the first conference many African states have brought about major revisions of their public procurement systems. In this regard the 1994 Model Law is the single most important instrument in the modernization of public procurement in Africa.

A further driver of the modernization of public procurement regimes was that many funders of public procurement in Africa require that there be a properly functioning public procurement system before providing such funding. Pressure was also put on states in Africa to base their procurement laws on the Model Law, as international development banks finance many legal reforms in these states.

According to UNCITRAL, eleven countries in Africa, namely Gambia, Ghana, Kenya, Madagascar, Malawi, Mauritius, Nigeria, Rwanda, Uganda, Tanzania and Zambia based their public procurement reforms on the Model Law. Its influence, however, is much greater. There is no compulsion on all countries to notify UNCITRAL framers of the Model Law when they desire to base their public procurement regimes on it. It is very true that many of the principles used in the Model Law have indirectly influenced the procurement law regimes in Africa. COMESA to a large extent based its public procurement regulations on the Model Law. Member states are required to align their domestic procurement legislation with these regulations for procurement within the set of thresholds for procurement in the common market. These regulations have indirectly influenced its nineteen member states to utilize the principles entrenched in the Model Law. By 2012 fourteen of the nineteen member states had aligned their public procurement systems to the 2009 COMESA Procurement Regulations with roots in UNCITRAL model law in procurement.

### 2.4.3 Public Procurement National Perspective

International Procurement Consultant [(IPC), (1996)] In its diagnostic report described Public Procurement and Supply Management Reform as a multi-year institutional development program whose major objectives are to improve efficiency in the procurement processes, to achieve economic results from expenditure of public funds and to discourage corrupt acts by increasing transparency and accountability. In the process it was deemed that improving public sector procurement will eventually strengthen democratic institution and promote private entrepreneurial initiative in Malawi. With further reference to the report issued by (IPC) June 1996, the in depth analysis showed that there were many problems that impaired the efficient of public procurement in Malawi. These problems resulted in mismanagement of funds, shortage of goods due to long lead periods, poor planning, lack of standard procedures, no specific public procurement legal framework and continued dependency of external assistance.

Kizito Tethani (2006) wrote that it was until 1994; Malawi was a single party system of government. During that era, freedom of association and assembly, among other freedoms were greatly regulated. As a result, participation of citizens in social and economic life was greatly compromised, only limited to periodic elections that were themselves at the mercy of the powers that be. This greatly impeded on the voice of the public to question how the government transacted public procurement in order to deliver public goods, works and services. Transparency, accountability and fairness were not the vocabulary to think of during this period. There were no oversight bodies or watchdogs of any kind that time that could provide checks and balances or raise issues of transparency and accountability. This was not compatible with democratic principles that

took effect soon after change of government in 1994. To align the procurement processes with the current change a total reform was just inevitable hence the introduction the Public Procurement and Supply Management Reform.

Further, diagnostic report revealed that public procurement and Supplies Management prior to the reform was then governed by the Finance & Audit Act (1979) of the laws of Malawi as amplified by Malawi Government Treasury Instruction. The Department of Supplies and Services was central coordinating authority of government supplies management service in Malawi. This encompassed the entire spectrum of acquisition, use, storage, and disposal. The Government then had four main procuring entities which followed similar procurement processes and were responsible for purchasing, storing, accounting for and distribution the stores to the end users. In some case the end users without specific regulatory procedures independently did procurement, as there was no public procurement regulation then. The procuring entities that were responsible for government procurements were as follows;

Central Government Stores (CGS) – was responsible for the procurement of majority of goods for government ministries and departments. It was mainly engaged to buy those items that were not within the specialised competence of the other three procuring entities.

Central Medical Stores (CMS) – All pharmaceutical supplies and medical equipment were procured by this entity.

Plant and Vehicle Hire Organization (PVHO) - It was responsible for purchases and hiring of plant and vehicle for the government. It was also responsible for maintenance and service of all government vehicles and machines.

Central Tender Board (CTB) – It was responsible for procurement of any kind exceeding the specified powers of the procuring entity. The most commonly used method was open tendering.

In all these divergent government procurement agents there were no coherent comprehensive standard documents that could provide rules based procurement, methods and procedures. Lack of this rule-based standardisation was on its own recipe for corruption. It was even worse because of absence of specific procurement legal framework. Despite the legal framework now in place there is spate of discontent, as the expected efficiencies have not yet been yielded to the expectations of the citizenry. This is one of the reasons why this research intends to find out.

#### **2.4.4 Foreign Purchases**

The Malawi Finance Company (MFC) through the UK and South Africa offices carried out all international procurements outside donor-financed projects. MFC replaced Crown Agents and acted as the “London Agent” defined in the Treasury Instruction. About 60% ownership of the MFC rested with the government and the other 40% with Balfour Williamson of the UK, a private purchasing agent. The basis of the relationship was set forth in a 1976 contract for procurement agency services. The contract does not reflect current ownership structure, reporting obligation or practice. On the basis of the agreement between the Government and Balfour Williamson all fees and Corporation on the contract concluded were collected by the later. (Public Procurement Diagnostic Study June 1996 – Malawi Case)



#### **2.4.5 Legal Provision**

The major problem in the procurement process of the Republic of Malawi was lack of comprehensive legal framework for the public sector. In other words there was no legal provision, which directly described public procurement processes; additionally, while general common law contracting principles applied to government contracts, there was no uniform procurement law or organic body of law regulating public procurement. The only relevant rules of general application to procurement processes were the Finance and Audit Act of 1966 and the Treasury instruction issued under section 72 (2) of the Act.

According to the diagnostic study that took place in June 1996 carried out by the International Procurement Consultant of USA; it was discovered that lack of constitutional provision crippled the entire procurement system. Such resulted in lack of standard operating procedures and uniformity in procuring public resources. The entire approach then lacked transparency, accountability and fairness.

The absence of a legal framework and consequent corporate governance tenets further degenerated into several problems such as inadequate planning, poor communication, longer lead times, poor selection of suppliers and lack of rule-based decision. Central Medical Store report in March 1995, substantiated the fact of longer lead periods, the report noted that average procurement lead times were about one/two months for local purchases and three to four months for domestic tendering while international tendering could take as long as six months.

#### **2.4.6 Lack of Oversight Body**

There was no central authority with responsibility of propagating procurement policies and ensuring harmonization of the same. The relationship among different organizations involved in procurement were not incorporated in the legal framework or interpreted consistently. The role of the Central Tender Board was vaguely defined and it lacked professional and legal support to carry out any serious oversight responsibilities.

#### **2.4.7 Procurement Reforms in Malawi**

In 1996 two years into multiparty democracy, the Government of Malawi, in conjunction with its cooperating partners, particularly the World Bank, embarked on a Public Procurement and Supply Management Reform Program. The objective of the Program was to introduce a procurement system that was transparent, fair and accountable in line with multiparty democratic principles.

#### **2.4.8 Public Procurement Act (PPA) 2003**

The Program gained fresh momentum in the new millennium with the enactment of the Public Procurement Act of June 2003. The act outlines the principles and procedures to be applied in, and to regulate, the public procurement of goods, works and services (p.3 of the Act. The act part II section 4 (1) also provides for the establishment of the office of Director of Public Procurement as the main authority responsible for the monitoring and over-sight of the public procurement activities. Furthermore, the act states of the development of the related regulatory and legal framework and professional capacity of the public procurement (p 6. of the Act).



Since the diagnostic study conducted in 1996, public procurement has gone through major reform that created the platform for constitutional provision. There have been many assessment reports reviewing the entire procurement reform program to update the public procurement regulation and desk instruction to align the system to the international standards but this project thesis sets to establish the effectiveness public procurement reform program and the impact of subsequent establishment of ODDP as an oversight authority for all public procurement processes.

#### 2.4.9 PPA 2003 Key Provisions

The Public Procurement Act – Act No 8 of 2003 came into force on 21<sup>st</sup> August the same year. The Act provides the legal basis of the Government of Malawi’s public procurement system. It sets out the organization structure of the procurement system and establishes the basic principles, which all procurement rules and procedure must fully comply.

Key provision of the Act includes

- ✚ The establishment of the office of Director of Public Procurement, as a public office with an oversight responsibility for the regulation and monitoring of public procurement in public sectors.
- ✚ The decentralization of procurement responsibility to procuring entities.
- ✚ The establishment of (IPC) Internal Procurement Committee in all procuring entities, as the bodies responsible for planning, controlling and approving procurement activities within the public sector organization. The IPC is primarily supposed to be chaired by the CEO who is the controlling officer.
- ✚ The establishment of a cadre of procurement professionals to conduct procurement activities within specialized procurement units.
- ✚ The principle that public procurement should normally be conducted through open tendering method and the definition of five alternative methods of procurement with strict conditions to be adhered to.
- ✚ A framework of procurement tools designed to achieve completion, transparency and accountability fairness and value for money.
- ✚ A requirement for suppliers to meet qualification criteria, in order to be awarded government contracts and the establishment of the mechanism for debarring suppliers for misconduct.
- ✚ A requirement for both public officials and bidders and suppliers to adhere to ethical standards of conduct.
- ✚ Confirmation of the General Auditor’s role in auditing procurement activities and the right for bidders to seek administrative review of procurement decision by procuring entities which are in breach of the Act.

#### 2.4.10 Public Procurement and Disposal of Public Assets Act (PPDA) 2017

Following the revision of PPA 2003, the government has now come up with PPDA (2017), with an intention to address the shortfalls of the existing procurement law. Indeed there have been milestones in the updated Act, which has seen the following notable issues being put in place.

- ✚ The Office of the Director is now turned into an Authority headed by the Director General. This renders the office more powerful with authority over public procurement matters.
- ✚ Illustrated punitive measures for miss procurements
- ✚ The revised Act has notably also included disposal procedures of public assets

The development is very good and in the right direction. These updates will be reflected during data collection to assess if the improvements are part of the solution to the current challenges the reformed public procurement has faced.

### 2.5 Public Health Services Delivery

World Bank (2016) [online] stated that effective, equitable, and efficient health service delivery is a priority for the World Bank and its clients working in human development. The World Bank's Health, Nutrition and Population Strategy emphasize the importance of strengthening health systems. Service delivery is universally acknowledged as one of the core instruments through which health systems produce better health, financial protection, and client satisfaction—key dimensions of Health Nutrition and Population (HNP) results.

In recent years there has been a significant increase in global and national attention toward improving health outcomes; thus, there has been dramatic progress in a number of areas. However, in many low- and middle-income countries there is evidence that progress could be greater and more rapid. Many countries are not on track to meet global objectives such as Millennium Development Goals 1, 4, 5, and 6, which include specific HNP-related targets. Funding for these priorities has increased, and efficacious technologies that can rapidly improve health are available. However, weak performance in service delivery—affecting access, quality, and cost, and through these, health outcomes—is often a cause of lagging health system performance.

Policy makers, planners, and managers have responded to this lagging performance with a creative array of innovative strategies to improve service delivery. These include scaling up investments in essential inputs such as human resources, drugs and supplies, and transportation. They include new supporting technologies, such as those for information and logistics systems. Strategies also include organizational and funding reforms such as community health workers, task shifting, decentralization, results-based financing, public-private partnerships, and public and community accountability mechanisms.

Organization change is difficult — especially when it involves reforms in large public and private systems, which are often resistant to change. Choosing the right change strategies is critical as is sound design and implementation of service delivery.

Bernard et al (2011) indicated that sufficient funding and efficacious technology may be necessary conditions for achieving health gains, but experience in many countries confirms that they are not sufficient. Effective and efficient service delivery is the point at which the potential of the health

system to improve lives meets the opportunity to realize health gains. Health service–delivery performance means access and use by those in need; adequate quality of care to produce health benefits; efficient use of scarce resources; and organizations that can learn, adapt, and improve for the future. All too often, potential benefits are not realized because service delivery underperforms.

Organizations must combine financial, physical, and human resources to deliver health services. However, organizations can be complex, and this complexity must be considered in developing strategies for change. This guide will help planners and policy makers navigate the complexity and make better decisions to improve health services.

### **2.5.1 Public Health and Stakeholders**

Dialogue by Design (2008) defined a stakeholder as a person who has something to gain or lose through the outcomes of a planning process, program or project. Friedman and Miles (2006) defined stakeholder engagement as the process of effectively eliciting stakeholders' views on their relationship with the organization /program/ project while stakeholder analysis is a technique used to identify and assess the influence and importance of key categories of people or organizations that may significantly impact the success of an activity or project. Stakeholder Management is essentially stakeholder relationship management as it is the relationship and not the actual stakeholder groups that are managed

Friedman and Miles (2006) stated that public participation is becoming increasingly embedded in national and international public health policy engagement, it becomes more crucial for decision-makers to understand who is affected by the decisions and actions they take, and who has the power to influence their outcome: the stakeholders. The stakeholder concept has achieved widespread popularity among academics, policy-makers, the media and corporate managers. Within the field of strategic management, the stakeholder concept has become firmly embedded.

References to stakeholders is commonplace and the requirement to engage stakeholders in public sector organizational strategy and project design is a key priority in current government policy both within the National Health Services and local government sectors. Many of these organizations recognize that stakeholder engagement is not about giving the public a list of options to choose from – it is about drawing them in right from the start, so that their views, needs and ideas shape those options and the services that flow from them.

### **2.5.2 Public Health Services Delivery - Globe Perspective**

United Nations – WHO Encyclopedia of the Nations (2016) stated that in the aftermath of World War II, conversations at the United Nations began to turn to the need for an organization focused on improving and maintaining worldwide health. Conversations about starting such an organization began in 1945, when the WHO was discussed among United Nations diplomats. There were a variety of delays to its start, including waiting on signatures from participating nations or, most notably, the beginning of the Cold War.

Despite these delays, the impact of a post-World War II included extremely high disease rates and loss of basic resources and infrastructure. These factors ultimately led to the finalization of the World Health Organization, which was officially formed April 7, 1948, a day still celebrated each year as World Health Day. The main objective of WHO is the attainment by all peoples of the

highest possible level of health. Health, as defined in the WHO Constitution, is a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity.

### 2.5.3 World Health Declarations

Milton and Ruth Roemer (1990) wrote that many other international documents reaffirm the right to health protection. The Constitution of the World Health Organization (1948) sets the objective of the attainment by all peoples of the highest possible level of health and states that "Governments have a responsibility for the health of their people which can be fulfilled only by the provision of adequate health and social measures." The Proclamation of Teheran (1968) provides for the protection of the family and children. The Universal Declaration on the Eradication of Hunger (1974) calls for elimination of hunger and malnutrition.

The Declaration of the Rights of Disabled Persons (1975) provides for the right of such persons to full rehabilitation. In 1978, 30 years after the founding of the World Health Organization, UNICEF, WHO, and its member states reaffirmed at Alma Ata that "health...is a fundamental human right "and that: "a main social target of governments, international organizations and the whole world community in the coming decades should be the attainment by all peoples of the world by the year 2000 of a level of health that will permit them to lead a socially and economically productive life."

Still other international statements have elaborated on the concept of health as a human right and on strategies for implementing this. Of course, some may cynically say that these legal instruments are mere words, and do not reflect reality. They record social values and policy goals, however, that have been forged from long social struggles-going back at least to the French Revolution and reinforced by the Second World War and post-war movements for national liberation. They affirm principles for social action, they shape political strategies, and they exert, in fact, substantial influence on the features of health systems. National health systems throughout the world have, indeed, been moving in the direction of assuring health service as a human right.

Dara Carr (2004) stated that Governments and international organizations have widely recognized the need to improve the health of the poor. In the 1970s, for instance, the World Health Organization led a global effort to achieve "Health for All" by the year 2000. Representatives from more than 130 governments met in 1978 in Alma-Ata (now Almaty, Kazakhstan) and signed a declaration stating that "Inequality in the health status of people, particularly between developed and developing countries as well as within countries, is politically, socially, and economically unacceptable."

More than 25 years after the Alma-Ata Declaration, however, Health for All remains an elusive goal. On average, those living in the world's poorest countries will not live to age 50. In Africa, the leading causes of death still include diseases such as diarrhea, measles, and malaria. Large disparities in health persist both within and between countries. And the health disparities between poor and rich countries are growing.

Dara Carr further observed that the human, economic, and societal costs of ill health are immense. Millions of people die prematurely from diseases that are preventable or curable (see Box 1, page 2). At relatively little expense, many of these people could lead longer, healthier, and more productive lives. Mounting evidence also shows that the links between health, poverty reduction, and economic growth are powerful, confirming the popular notion that "*health is wealth*." In the Bulletin Dara Carr examines facets of the poor-rich health divide, factors that play a role in health

disparities, and approaches for improving the health of the poor. In recent years, a great deal of new research has become available on health inequalities within low-income countries. These studies shed light on how the world's poorest people are faring, demonstrating for the most part the persistence and pervasiveness of inequalities in health.

#### 2.5.4 World Health and Challenges

Anup Shah, *Globe Health Overview* (2011) noted that despite incredible improvements in health since 1950, there are still a number of challenges, which should have been easy to solve. Consider the following: One billion people still lack access to health care system, 36 million deaths each year are caused by non-communicable diseases, such as cardiovascular disease, cancer, diabetes and chronic lung diseases. This is almost two-thirds of the estimated 56 million deaths each year worldwide. A quarter of these take place before the age of 60. Breaking down the leading causes a bit further there are others too, Cardiovascular diseases cause about 17 million deaths, Cancers, about 7.6 million deaths, Chronic lung diseases, about 4.2 million deaths, Diabetes, about 1.3 million deaths. Over 7.5 million children under the age of 5 die from malnutrition and mostly preventable diseases, each year. In 2008, some 6.7 million people died of infectious diseases alone, far more than the number killed in the natural or man-made catastrophes that make headlines. (These are the latest figures presented by the World Health Organization.)

Anup Shah observed that Malaria causes some 225 million acute illnesses and over 780,000 deaths, annually, 164,000 people, mostly children under 5, died from measles in 2008 alone despite effective immunization, which includes vaccine and safe injection equipment, which costs less than 1 US dollars and has been available for more than 40 years. These and other diseases kill more people each year than conflict alone. Why has it got to such a level when the world has enough wealth to help address most of these problems, or at least alleviate more of the suffering?

Sir Michael Marmot, (2011) chair of the Commission, noted that most health problems are due to social, political and economic factors. “The key determinants of health of individuals and populations are the circumstances in which people are born, grow, live, work and age,” he says. “And those circumstances are affected by the social, political and economic environment. They are the premature cause of disease and suffering; that’s unnecessary. And that’s why we say a toxic combination of poor social policies, bad politics and unfair economics are causing health and disease on a grand scale.” This is why this research study is motivated to investigate the impact of public Procurement Act 2003 of the Republic of Malawi on Public Health service delivery as a government intervention policy on public finance management.

Public Health and Public Policies are twins that may directly or indirectly affect each other as they operate, whether it is finance or economic policies. Even within a country such as the UK, then, the report finds that the average life span can differ by some 28 years, depending on whether you are in the poorer or wealthier strata of society. Mirai Chatterjee, (2008, [online]) the coordinator of Social Security for the Indian women’s organization, SEWA, also explains how health is inextricably linked to economic policies. Without work, health cannot be afforded; without good health, work cannot be done.



### 2.5.5 Public Health Services Delivery - National Perspective

Healthcare in Malawi has for a long time suffered inadequate resources to fully address factors plaguing the population, including infant mortality and the very high burden of diseases, especially HIV/AIDS malaria and tuberculosis.

Ministry of Health [(2009) HISA] Report states that the epidemiological profile is characterized by a high prevalence of communicable diseases including malaria, tuberculosis and HIV/AIDS; high incidence of maternal and child health problems; an increasing burden of non-communicable diseases such as cancers, hypertension, diabetes, cardiovascular diseases and mental illnesses, among others. The country is also facing the resurgence of neglected tropical diseases. Although there has been a significant decline in infant mortality from 76/1000 live births in 2004 to 69/1000 live births in 2006 and under-five mortality from 133 in 2004 to 122 in 2006 (MICS, 2006), the rates are still high. The maternal mortality ratio of 807 per 100,000 live births is one of the highest in the world.

The report further indicated that the proportion of deliveries attended by skilled health personnel is at 54 % (MICS, 2006). Proportion of pregnant women receiving antenatal care at any point during their pregnancy is at 91.8%, with an average number of visits of 3 (ibid), which is below recommended minimum of 4 checkups. Late and inadequate utilization of antenatal care and low proportion of deliveries by trained health personnel are some of the contributory factors to the high rate of maternal mortality.

According to MICS 2006 report, about 19% of children under the age of 5 years are underweight. The proportion of children aged between 12 – 23 months fully immunized is at 70.4%. Acute and diarrhea diseases are among major causes of under-five (U5) morbidity and mortality. Prevalence of fever among the under-five is at 34.7%. Such high prevalence of fever among the U5 would partly be explained by the low proportion of under-five children sleeping under an insecticide treated nets (ITN), which is at 24.7%.

Ministry of Health, (2007) reported that the HIV and syphilis sero-survey of 2007 estimates national adult (15 – 49 years) HIV prevalence rate of 12 %. The number of HIV persons who are alive and on treatment (Highly Active Anti-retroviral therapy) has increased from 61,430 at mid-2006 to 158,137 by March, 2009 representing 64% of (216,245) those ever-started treatment (MOH, 2009). Although the prevalence rate for TB is not known because the prevalence survey is yet to be done, the 2007 TB Annual Report indicates the cure rate at 78%. Despite the major gains in reducing childhood mortality, life expectancy has worsened in the other age groups, due in great part to the HIV and AIDS pandemic. Overall, life expectancy has declined from 44 years in 1990s to 38 years by 2004. This is a direct impact of health delivery system where public procurement reform being among factors is assessed to evaluate its impact.

### 2.5.6 Malawi Population

The Malawi Population of 2018 is almost 4 times the size of the population of the 1966 in the year Malawi became republic and 1.3 times of the 2008 census. The total population increased by 35 percent between 2008 and 2018 representing an intercensal growth rate of 2.9 percent per annum. With this growth rate, the population is expected to double in 2042. The general trend is that the population growth rate has remained high in Malawi except for 1987 to 1998 when the country experienced mass repatriation of refugees to Mozambique.



Ministry of Health: (2017) In its Health Sector Strategic Plan 2017-2022 stated that the country has an estimated population of 17.4 million people in 2017 with an average annual growth rate of 2.7%, giving an estimated population of 20.4 million people by 2022. An estimated 84% of the population lives in the rural areas as compared to 16% in urban centres. Malawi is predicted to experience an average annual urban population growth rate of 4.2% from 2013 to 2030, which will result in an increase in urbanization. Malawi has a young population with 64% of the total population under the age of 15, 18% under the age of 5 and only 3% above 65 years. Life expectancy at birth is estimated at 63.9 for both sexes in 2017.

Malawi's Gross Domestic Product (GDP) per capita in 2015 was estimated at USD381.404. Real GDP growth for Malawi was reported as 2.9% in 2016. The economy is predominantly agro-based, with agriculture and forestry and fishing contributing to 28% of GDP. Informal employment is higher than formal employment, estimated at 89% and 11% respectively. The mean and median earnings per month for the total economically active population were estimated at USD114 and USD37, respectively. Development aid plays a key role in the economy and in the health sector it accounts for on average 62% of total funding. In addition, diaspora remittances increasingly contribute to the country's economy, estimated at USD34 million in 2015.

Literacy is higher among men (83%) than women (72%). The median number of schooling years completed has increased significantly over time; in 1992 it was estimated at 0.4 years for women and 4.3 years for men compared with 5.6 years for women and 6.6 years for men. This shows that Malawi has also made significant strides in narrowing gender disparities in education. The 2015-16 Malawi Demographic and Health Survey has demonstrated increased women empowerment over time by various attributes. For example, the percentage of women involved in decisions about their health care increased from 55% in 2010 to 68% in 2015-16 and women's involvement in decisions about major household purchases increased from 30% to 55% over the same period.

An evaluation of this piece of literature from the strategic plan of public health sector has unearthed among other things one challenge to delivery of health services, which is population growth. Rapid population growth continues to overstretch public health delivery capacity. This calls for finest management of the already limited resource in the public service delivery. There is high correlation between public procurement and fine management of public expenditure. A workable public procurement system is key to managing limited source in the face of population surge like that of Malawi. Therefore research on impact of public policy like "Public Procurement" is very relevant for this course.

### 2.5.7 Malawi Geographical Location

Located in Southern Africa, Malawi is landlocked, sharing its borders with Mozambique, Zambia and Tanzania. The country has an estimated population of 18.6 million (2019), which is expected to double by 2038.

Malawi is making significant economic and structural reforms to sustain economic growth. The economy is heavily dependent on agriculture, employing nearly 80% of the population, and it is vulnerable to external shocks, particularly climatic shocks.

The Malawi Growth and Development Strategy (MGDS), a series of five-year plans, guides the country's development. The current MGDS III, Building a Productive, Competitive and Resilient

Nation, will run through 2022 and focuses on education, energy, agriculture, health and tourism. The process is underway to develop a successor plan of Vision 2020, the country's long-term development plan.

### 2.5.8 Malawi Public Health Delivery System

According to the Ministry of Health (2010) The Malawi Government health care delivery system consists of services provided by the Ministry of Health 60 %, the Christian Health Association of Malawi (CHAM); 37 %, and the Ministry of Local Government 1 %. Other providers, such as private practitioners, commercial companies, army, and police provide 2% of health services. 39 Per capita expenditure on health is only \$15 (in 2006),<sup>40</sup> and there is no social security system for health care.

Malawi has good coverage of health facilities with 80% of the population living within a 5-kilometer radius of a facility. Unfortunately, many Malawians have difficulty accessing these facilities due to poor road networks, especially in rural communities, and poor communication systems. In addition, just 9% (54 of 585) government and mission health facilities are capable of providing the essential package of health services on-site. This arises because of supply stock outs, a lack of basic utilities (water, electricity, phone and radio communication), and especially a lack of trained health workers.

CHAM receives annual financial support from the Ministry of Health for paying salaries. CHAM also obtains funding from a variety of local and foreign sources, including charging user fees for a wide range of its health services and from drug sales. Private hospitals and clinics are emerging as a significant provider of health services. They are increasing in number and are an important source of medicines in rural areas. Around 18 % of all consultations are being done outside Ministry of Health and mission facilities. More than half of patients who go to government facilities do not receive adequate drugs or treatment and end up going to private providers.

A large share of Malawi's health spending is covered by development partners — around 70 %. In terms of drug procurement, health service providers procure essential medicines from different sources in both developed and developing countries. Funding agencies set conditions for procurement that influence the selection of suppliers. In volume terms, the majority of drugs consumed in the public and private sectors appear to be sourced from generic manufacturers in the developing world.

### 2.5.9 Malawi Public Health Financing System

According to the Ministry of Health (2017) Malawi's health sector financing comprises general revenue, donor funding and household expenditures in terms of direct payments by patients and private health care insurance. Figure 5 shows that since the 2012/13 FY donor financing is declining while public and private expenditures are rising. During the period 2012/13-2014/15, development partners' contributions accounted for an average 61.6% of total health expenditure (THE), Government accounted for an average of 25.5% and households 12.9% of Total Health Expenditure (THE). In the HIV/AIDS subsector, donor contributions average 95% of total financing. With such heavy donor reliance, the health financing system in Malawi is unsustainable and unpredictable. Furthermore, planning is made increasingly difficult due to the fragmented system of donor funds and lack of on-budget or pooled funds.

Malawi Health Financing Profile Report (2016) Malawi's health sector is heavily dependent on foreign resources. Based on its revised estimates, the government of Malawi (GOM) allocated 9.7% of its fiscal year (FY) 2014/15 budget to health. This allocation reflects a much-reduced on- budget support from donors; GOM represented 92% of the total health allocation. For FY 2011/12, the purely domestic government allocation was only 6.2% of the total GOM budget (MOH, 2014).

With on-budget support from development partners in a state of historic decline—due mostly to the impact of the 2013 “Cashgate” government spending scandal—and with limited potential for GOM to grow its revenue, Malawi is facing a fiscal crisis in the health sector. Between 2009 and 2012, the period prior to the Cashgate crisis, government health expenditure as a percentage of total health expenditure (THE) declined from 22% to 16%. External resources increased as a share of THE, from 62% to 70% in 2012. Out-of- pocket expenditure remained almost stable and relatively low, whereas other private health expenditure declined slightly, from 4% to 3.2%, suggesting only a minor role for private nonprofit and for-profit institutions as financing sources.

Given the reduction in available health funding, Government has instituted “bypass” fees for patients to skip referral and directly access care at major public hospitals. Malawi is considering expanding the fee-for-service wings in higher-level public hospitals to follow neighboring Zambia's example. This does not suggest a broad move toward universal user fees, since an expert panel on health sector reforms chose not to reintroduce them in 2015. Broadening protection and addressing the population that accesses care from the non-profit sector, the Government is also exploring reimbursement to Christian Association of Malawi (CHAM) facilities, estimated to constitute 28% of all primary healthcare facilities to provide a free essential package of health services.

Per capita government expenditure on health in Financial Year 2011/12 was estimated at US\$6.30, compared to US\$39.30 from all sources - current dollar term. Government per capita allocation to health for Financial Year 2014/15 was US\$10.10 in current dollars, based on the Treasury budget for health. Total health resources per capita may have declined in nominal terms, at around US\$35 in Financial Year 2015/16, due to rapid population growth and limited financing sources. The Government of Malawi has been considering several measures in the context of overall health sector reforms pointing toward universal health coverage:

- ✚ Establishment of a health fund by 2016: Revenue-generating measures include “sin taxes;” a portion of visa fees; and levies on fuel, extractive industries, and communication services.
- ✚ Introduction of a national health insurance scheme (NHIS) by 2017: This mandatory medical insurance scheme is for those in formal sector employment, beginning with the public sector

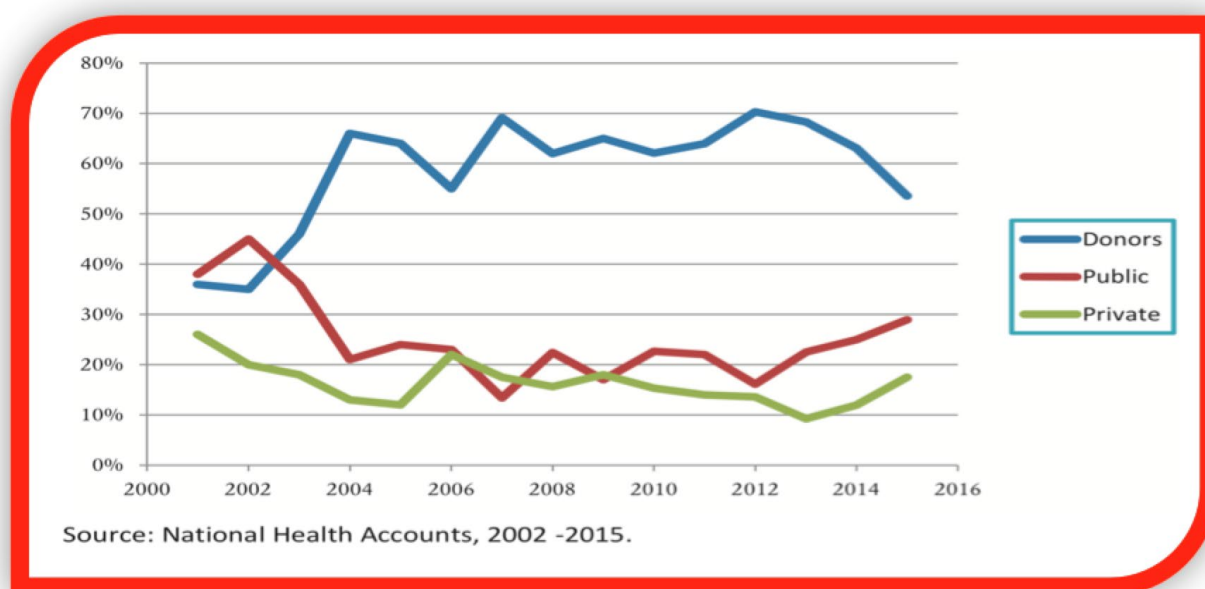


Figure 7: Public Health Financing

From the diagram above, it is very clear that Malawi public health sector is largely dependent on donor funds. Any unpredictability of donor funding has a direct negative consequence on delivery of public health services as far as funding is concerned.

With reference to Malawi Health Profile (2016) Financing reform in hospital operations included improving the efficiency and quality of major public hospitals by increasing their autonomy—allowing them to be run as “public trust hospitals,” overseen by independent boards. This reform would not change existing user fee policies. Hospitals would benefit from new professional management and could attract other funding—for example, through private sector partnerships. GOM would still finance capital expenditure. It is common knowledge that the objective of the reform as purported in this report was good but the desired autonomy could not be sustained if financing situation remains as is in **Figure 7** above.

There is no social health insurance system operating in Malawi. Private health insurance exists, but to a small degree largely due to the state provision of free health care and financing of health services, and in part due to the high levels of poverty. However, in recent years private health insurance has become an important element of health financing. Those currently covered by insurance schemes such as the Medical Aid Society of Malawi are employees of institutions that provide either full or partial medical insurance cover and international utilization of health insurance is almost negligible.

Government funding is the main source of health financing in Malawi. The majority of the people in Malawi is poor and cannot afford to pay for health care. As a result, the Government of Malawi provides free health care at its health facilities to all residents in Malawi, as well as free referrals for specialized treatment outside the country. In addition, public health finances are used to subsidize the cost of health services at Christian Health Association of Malawi facilities through payment of salaries and other personnel costs. In turn, Christian Health Association of Malawi providers charge a fee to clients that are less than the subsidized amount.

Malawi's health system faces absolute and relative inadequacy of financing resources to adequately fund essential health package services. Despite the development of a resource allocation formula, there appears to be no criteria for allocation of resources between cost centers, regions and districts. The current resource allocation formula is based on population; number of facilities and existing resources and not on disease burden and prevailing poverty. There is a need to review the resource allocation formula in order to ensure transparency in the allocation of resources at different levels. Although public health services are offered free of charge, it appears that household out-of-pocket payments increased rapidly during the sector-wide approach implementation period. This signals serious challenges with the quality of health care offered in the free public health care system. The capacity to regularly track health financing sources and their uses using national health accounts also appears to be weak.

Declaration target of 15%: A resource allocation formula, which is subject to review after 3 years, has since been developed jointly by the MoH and Ministry of Local Government and Rural Development (MoLGRD). Despite public services being offered free of charge, household out-of-pocket payments increased rapidly during the PoW. The capacity to regularly track health financing sources and their uses using internationally recognized tools such as National Health Accounts remains weak. Over the PoW the health sector experienced inequitable and inefficient allocation of health sector resources but this is being addressed.

### 2.5.9 Health and National Development

Jean Lennox, et al (OECD 2020) stated that ill health and disease are now recognised as barriers to economic growth in developing countries. Pro-poor policies are needed to tackle these problems, through Doha and beyond. Health before wealth is more than just an old adage, and in the build-up to the (WTO) meeting at Cancún in September, we look at why programmes that aim to protect and improve the health of poor people can help in the battle against global poverty.

Health before wealth is an old adage that can be readily understood by looking at the links between ill health and poverty in developing countries. Good health boosts labour productivity, educational attainment and income, and so reduces poverty. When poor people know their children are more likely to survive and be healthy, they tend to have smaller families and so higher incomes per family member. So, programmes that aim to protect and improve the health of people below and just above the poverty line in developing countries could greatly help in the battle against global poverty.

These links between health and poverty reduction have been strongly confirmed in recent research on the determinants of economic growth in developing countries (see The Commission for Macroeconomics and Health in the references). And this has helped place health higher on the international agenda than ever before, not just because of efforts to generate economic growth or because of the battle against HIV/AIDS, but because poor people have higher than average child and maternal mortality, higher levels of disease, and limited access to health care and social protection. Gender inequality undermines further the health of poor women and girls.

When poor people become ill or injured, the entire household can become locked in a downward spiral of lost income and high health care costs. The international community has agreed three



Millennium Development Goals (MDGs) that call for health improvements by 2015: reducing child deaths, lowering maternal mortality, and stopping the spread of HIV/AIDS, malaria and tuberculosis. In addition, however, the achievement of the other MDGs – particularly eradicating poverty and hunger, achieving universal primary education, and empowering women – greatly depends on better health.

To meet this challenge, developing countries, supported by OECD countries and their development agencies, need to take a pro-poor health approach. This must do what it says: promote, protect and improve the health of poor people. It necessitates targeting diseases that affect these groups disproportionately. Malaria, for example, causes the premature deaths of one million people each year, while globally 42 million people are living with HIV/AIDS. Diseases linked to tobacco lead to a further four million avoidable deaths each year, half of them in developing countries.

Malnutrition and food insecurity have obvious implications for health. Road fatalities are another public health concern, though often not seen as such; yet, in developing countries, about a million people are killed every year as a result of road crashes. Indoor air pollution is a health hazard resulting from the use of cheap biomass for heating and cooking which causes the deaths of two million people a year, usually poor women and children.

Resolving these problems will require not just the efforts of health ministries, but coordination with departments of agriculture, transport, education, and energy, to name but a few. Such is the nature of pro-poor health approaches.

There are many obstacles to the effective implementation of pro-poor health policies, but inadequate funding of health is a major, and inescapable, part of the problem. Average health expenditure in the least developed countries is about US\$11 per capita per year, compared with around US\$2,000 in high-income countries. It would cost an estimated US\$30-40 per capita to meet the basic health needs of the poor. Without additional money to buy vaccines and drugs, to build and equip facilities and to ensure adequate staffing, the health-related MDGs will not be met.

More funding is clearly needed. Some increase in government spending for health is possible in most developing countries. Several countries including Ghana, Uganda, and Bangladesh have increased their level of per capita government expenditure on health over the last five years though the absolute level remains inadequate.

Managing funds properly is also important, since in many countries, the distribution of resources is skewed towards advanced services at the expense of primary health care and district hospital services.

But in almost all cases in poor developing countries, additional domestic resources would be insufficient to meet health needs. External financing must fill the gap. This might mean attracting more resources from the private sector or charitable foundations, but it also means increasing development assistance to health programmes from OECD governments as part of their commitment to the MDGs.



Total levels of aid to health have increased since 1996, but the level of multilateral aid to health – particularly from the World Bank’s International Development Association – has declined. And though aid from the member countries of the Development Assistance Committee (DAC) has risen, the picture is far from even. Aid to health from countries such as Australia, the UK and the US has increased in recent years, while some large donor countries like France and Japan have seen a fall in their aid to health, albeit from high historical levels. A more determined effort is clearly required.

Realistically, public services cannot be relied on as the only supplier of health services, and private participation in investing and supplying health care seems as inevitable as it is vital.

### 2.5.10 Public Health Legal Infrastructure

Carlos Dias and Rita Marques, (2012) stated that norms, standards, agreements, laws, policies, and regulations have been used, since the nineteenth-century International Sanitary Conferences, as governance tools in public health diplomacy. With globalization attaining an unprecedented level at the end of the twentieth century, it appeared that some public goods were increasingly difficult to provide efficiently at the state level. The reason for this is that as states increased their interconnectedness, the interrelation between domestic public goods common to the interacting states also increased. Correlatively, the singular nature of some of what were once solely domestic public goods progressively declined and the creation and maintenance of those public goods became shared enterprises.

This led to the emergence of the concept of the *Global Public Good* (GPG). As early as 1990s many governments had already embraced the ideas of health as a Global Public Good and international law in general, and international health instruments in particular, as intermediate GPGs utilized to protect and promote health. As intermediate GPGs for health, international legal instruments take on an additional layer of importance in global health governance. In providing a robust framework for improving and occasionally even creating health, these instruments are important not only for what they are already doing, but for the potential new instruments that may be developed.

Through the presentation of case studies examining three international instruments that the World Health Organization (WHO) has been involved in developing, the chapter focuses on the evolution and implementation of emerging, salient international health-specific legal agreements. As WHO continues to grow into its normative role, it is likely that additional opportunities to exercise its constitutional quasi-legislative powers will present themselves. The three examples of intermediate GPGs examined in this chapter have laid a solid foundation on which WHO and its Member States may build, to continue working toward achieving the GPG of health.

A recent report from the WHO Regional Office for Europe highlights four major roles for the law in advancing public health.

These are: defining the objectives of public health and influencing its policy agenda; authorizing and limiting public health action with respect to protection of individual rights, as appropriate; serving as a tool for prevention; and facilitating the planning and coordination of governmental and nongovernmental health activities.

Among many public health instruments at the time of the literature review the Malawi Government was guided by Public Health Act 1948, National Health Policy, Decentralization Policy, Malawi Growth and Development Strategy Millennium Development Goals, National Budget and international health instruments as issued from time to time issued by World Health Organization

## 2.6 Research Concepts and Models

Concept abstractly or hypothetically describes and names an object or a phenomenon, it provides such an object or a phenomenon with separate identity and meaning. It may also be defined as an intellectual representation of some aspect of reality that is derived from observation and made from *phenomena* (occurrences /facts or experiences)

A model is a symbolic representation that helps the researcher to express *abstract (intellectual, theoretical)* concepts and relationship easily, using minimal words. Models can be represented schematically or mathematically. Schematic Model conveys concepts and propositions through the use of boxes and arrows or other symbols. On the other hand, Mathematical Models convey concepts and propositions through the use of letters, numbers and mathematical symbols.

Concepts and models will be engaged to illustrate the theory of *input and output* as the main philosophy in this research. In this context the healthcare is depicted as an open system process with input transformation and out. Intervention to the transformation process will be analysed to assess the impact.

### 2.6.1 Impact Assessment

International Association of Impact Assessment (2020) defined Impact assessment (IA) as a structured a process for considering the implications, for people and their environment, of proposed actions while there is still an opportunity to modify or even, if appropriate, abandon the proposals. It is applied at all levels of decision-making, from policies to specific projects.

It is now very common with many practitioners of policy analysis, that they use the term impact assessment in a rather different way. Specifically, these practitioners go straight to investigate whether the policy or other planned interventions have had the desired impact rather than using established evaluation terminology. A number of policy analysis practitioners have started to refer to this investigation as impact assessment. A specific example is the use of “*impact assessment*” by Markless et al (2005) to describe the process of engaging people and communities or professionals in assessing the actual impact of policy interventions as the primary user or beneficiary of the said intervention. This research thesis has borrowed this concept and approach in assessing the impact of Public Procurement Reform in Malawi.

Impact Assessment aims to:

- ✚ Provide information for decision-making that analyses the economic and institutional consequences of proposed actions;
- ✚ Promote transparency and participation of the public in decision-making;
- ✚ Identify procedures and methods for the follow-ups, monitoring and mitigation of adverse consequences in policy, planning and project cycles; and
- ✚ Contribute to environmentally sound and sustainable development.

The process of IA benefits proponents, stakeholders and local communities, and decision-makers. Although impact assessment has been criticised since its introduction for being a technocratic tool, based on rational decision-making models, contemporary guidelines and principles for IA practice tend to emphasise a participatory, inclusive approach, which recognises different types of knowledge, and the importance of representing the views of different groups in society, regardless of their economic and political status. Environmental and social justice, and distributional considerations, are important guiding principles of impact assessment.

Markless and Streatfield, (2006a), borrowed a definition of impact from the educational evaluation literature of Fitz-Gibbon, (1996), as any effect of the service or of an event or initiative on an individual or group. This definition acknowledges that the impact can be positive or negative and may be intended or accidental. When using this definition, measuring impact is about identifying and evaluating change. The essential element of impact is change: the ways in which individuals, groups, communities or organizations are changed through public reform programs or results of the program. An impact may further be defined as any effect of an intervention program on an individual, group or community.

Adelle et al, 2012 Impact Assessment is a means of measuring the effectiveness of organizational activities and judging the significance of changes brought about by those activities or interventions. It is neither Art or Science, but both. Impact assessment is intimately linked to mission, and, in that sense, ripples through the organization. Being able to assess and articulate impact is a powerful means of communicating, internally and externally, the contribution of activities to the mission or original intent.

Markless and Streatfield further argues that the term impact evaluation is reserved to describe systematic causation or attribution studies; using a rigorous approach to collecting evidence that shows whether and how an intervention is directly responsible for particular changes or benefits. Causation studies seek to answer such questions as: How much better off are beneficiaries as a result of the intervention? Or does the intervention have a different impact on different groups? Did the intervention cause the impact? And what would have happened if the intervention had not taken place?

HM Government (2011) defined Impact Assessment as both: A *continuous process* to help think through the reasons for government intervention, to weigh up various options for achieving an objective and to understand the consequences of a proposed intervention; and A *tool* to be used to help develop policy by assessing and presenting the likely costs and benefits and the associated risks of a proposal that might have an impact on the public, private or civil society organization, the environment and wider society over the long term.

Definitions for "social impact assessment" vary by different sectors and applications. According to the International Association for Impact Assessment, "Social impact assessment includes the processes of analyzing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions such as policies, programs, plans, projects and any social change processes invoked by those interventions. Its primary purpose is to bring about a more sustainable and equitable biophysical and human environment."

### 2.6.2 Why Impact Assessment (IA) Matters

OECD (2011) in its Regulatory Policy Thesis stated that Impact Assessment has the potential to improve the overall quality of legislation or any intervention by: informing decision-makers about possible effects on the various aspects of sustainability so that policies are more evidence-based. Impact Assessment may also help improve the transparency of decision-making processes through the analysis of policy proposals' likely effects, so that contributions of the intervention to sustainability are disclosed. It may also increase participation in the decision-making processes, in order to reflect a wide range of sustainability considerations; and making clear how policy proposals contribute to the various priorities, goals, and indicators of sustainability strategies, thereby supporting achievement of goals. IA is key contributor to a continuous learning process in policy development as it identifies causalities, which can feed into the ex-post evaluation of policies.

According to Globe Library Initiatives (2008) on why impact assessment matters; The GL identifies three main reasons for collecting impact evidence; to show: whether projects are being conducted effectively, in order to learn from and improve project activities; whether the program is making a difference to people, groups, organizations or communities; and to use that evidence of impact to advocate for continued support and/or funding from relevant stakeholders.

Conventionally measuring impact is usually based on an initial baseline survey. This helps to follow trend of event and the subsequent change after intervention. Baseline Survey is a descriptive cross-sectional survey that mostly provides quantitative information on the current status of a particular situation – on whatever study topic – in a given population. It aims at quantifying the distribution of certain variables in a study population at one point in time. (FAO, 2013)” Nevertheless in absence of baseline survey an end line impact assessment can still be carried out successfully by use of secondary data and triangulation. Michael Bamberger (2006) pointed out that Impact evaluation could use secondary data. Sometimes secondary data can be used to carry out the whole impact study; this is especially true when evaluating national or sector-wide interventions. More usually secondary data can be used to buttress or support other data.

Further Michael indicated that, a project data set could be used for the treatment group and a national data set used to establish the control, preferably using a matching method. Or different national data sets might be joined to enable a rigorous regression-based approach to be employed. Additionally, Michael stated that Triangulation might be used in absence of baseline data to assess impact of intervention. Evaluation findings in Triangulation are strengthened when several pieces of evidence point in the same direction. Often a single data set will allow a variety of impact assessments to be made. Better still if different data sets and approaches can be used and come to broadly the same conclusion. Qualitative information can also reinforce findings and add depth to them. Where a rigorous approach has not been possible then triangulation is all the more necessary to build a case based on plausible association.

### 2.6.3 Systems Theory

A system can be defined as an entity, which is a coherent whole (Ng, Maull et al, 2009) such that a boundary is perceived around it in order to distinguish internal and external elements and to identify input and output relating to and emerging from the entity. A systems theory is hence a theoretical perspective that analyzes a phenomenon seen as a whole and not as simply the sum of elementary

parts. The focus is on the interactions and on the relationships between parts in order to understand an entity's organization, functioning and outcomes. This perspective implies a dialogue between holism and reductionism.

A fundamental notion of general systems theory is its focus on interactions. The center in relationships lead to sustain that the behavior of a single autonomous element is different from its behavior when the element interacts with other elements. Another core tenet is the distinction between open, closed and isolated systems. In open systems there are exchanges of energy, matter, people, and information with the external environment. In closed systems there are no exchanges of information and matter, just exchanges of energy. In isolated system there is no exchange of elements. Building on general systems theory many approaches developed. Among others there are open system theory, viable system model and viable system approach. Open system theory (OST) looks at the relationships between the organizations and the environment in which they are involved. This focus reflects on organizations' ability to adapt to changes in environmental conditions (with or without the need for information processing) (Boulding, 1956; Katz and Kahn, 1978).

Joslyn (1992) defined Systems Theory as the trans-disciplinary study of the abstract organization of phenomena, independent of their substance, type, or spatial or temporal scale of existence. It investigates both the principles common to all complex entities, and the usually mathematical models, which can be used to describe them.

Von Bertalanffy (1930s) introduced systems theory as a modeling devise that accommodates the interrelationships and overlap between separate disciplines. The reality is that when scientists and philosophers first tried to explain how things worked in the universe, there were no separate disciplines. The Systems Theory introduced by von Bertalanffy reminds us of the value of integration of parts of a problem.

Problems cannot be solved as well if they are considered in isolation from interrelated components. An enormous advantage systems analyst have in knowing the definitions of systems theory is that they present us with ideal guidelines for initial familiarization with a new problem.

#### 2.6.4 System

Miller (1997) A system is a set of *related components* that *work together* in a particular *environment* to perform whatever *functions* are required to achieve the system's *objective*. In a system a problem can be a question looking for an answer, a situation such as an existing information system that isn't working properly and needs improving, or a new opportunity or idea that is worthy of further consideration. In other words, when we speak of a "problem" in systems analysis and design, we do not necessarily mean that there is something wrong. We mean that there is a situation that needs to be understood and a solution to be determined or a system may mean a collection of independent but interrelated elements or components organized in a meaningful way to accomplish an overall goal. The function of any system is to convert or process materials, energy, and/or information (inputs) into a product or outcome for use within the system, or outside of the system (the environment) or both

A system is goal-seeking by definition. When the definition of a system says that a system's components work together to achieve a common objective it means that the system seeks to complete a goal. For example, the objective of the digestive system is ensure that food is digested,

with some byproducts going into the related circulatory system to nurture the body and other byproducts being expelled. The objective of a payroll system is likely to be to produce complete, correct and timely output in the form of cheques, reports, and updated history files. *It is important to be able to identify the objectives of any existing or new system to be able to understand it and evaluate its effectiveness.* In an information system, the components include people, procedures, data, software, and hardware. Thesis artifacts are part of this, such as manuals, forms, and reports.

**Subsystem** - A system is usually composed of self-contained but interrelated systems that are called subsystems. It is important to be able to recognize these subsystems, because understanding this interdependence is vital to developing a *complete* system

**System Boundary** - A system boundary may be thought of as the point at which data flows (perhaps as output) from one system to another (perhaps as input).

The degree to which data is free to flow from one system to another is known as the permeability of the boundary. A permeable boundary allows data to flow freely, resulting in an open system. An impermeable boundary is one which strictly controls (or even restricts) the acceptance or dispensing of data, resulting in a closed system.

**Interdependence** - One of the most important concepts in Systems Theory is the notion of interdependence between systems (or subsystems). Systems rarely exist in isolation. For example, a payroll system has to access and update a personnel system. It is important for an analyst to identify these interdependence early. It may be the case that changes you make to one system will affect another in ways you haven't considered, or vice versa.

According to systems theory, the inputs are what are put into a system and the outputs are the results obtained after running an entire process or just a small part of a process. Because the outputs can be the results of an individual unit of a larger process, outputs of one part of a process can be the inputs to another part of the process. Input is defined as any information added into the system from the environment. Throughput is defined as those changes made to the input by the system. Output, of course, is what leaves the system and crosses the boundary back into the environment.

**Inputs**, Inputs refer to the set of resources that are the raw materials used in the program: finances, policies, personnel, facilities, equipment and commodities. The resources needed to carry out a process or provide a service.

**Throughput**, the transformation of inputs into some product and/or service or the process by which the energy input is transformed into a usable product, or output, which in this case could be service or product.

**Outputs**, the end result of an organization's efforts — that is, the service or product that is delivered or provided to the customer or may mean the goods or services that a system produces.

Systems theory looks at the world as a system composed of smaller subsystems. Systems as a representation of life phenomena are used by humanity in everyday life to describe the functioning of these phenomena. For example, a hospital is a system with inputs, processes and outputs. The hospital itself is a component of a larger system, health care system. The health care system, banking system, educational system, judicial system and other systems comprise the socio-economic-political system within which we live.



### **2.6.5 Significance of Systems Theory to Health Care Management**

Pan American Health Organization, (2004) stated that systems theory can be used to clearly and concisely understand health care structures, processes and outcomes processes and their interactions within a health care system. Systems theory can be used as a framework to describe the components of systems and the relationships between these components, the boundaries of the system, the goals of the system, and system's ability to change and adapt in response to internal and external forces. Systems theory and thinking can help us understand how health care organizations and systems behave and it allows us to clearly assess, visualize, analyze and understand the structure, processes, and feedback loops that make up the organization.

This correct and clear understanding of the organization as a system is a necessity to be able to manage organizations effectively and efficiently and to achieve organization's goals.

### **2.6.6 Hospitals as Systems**

Miller (2010) Systems theory concepts and principles can be applied to understand and explain hospitals and their operation. Pan American Health Organization, (2012) defined hospital as "any medical facility with an organized medical and professional staff with beds available for continuous hospitalization of patients formally admitted to it for medical observation, care, diagnosis, or surgical and non-surgical treatment". In the same documents the organization described hospital as "an institution, which provides beds, meals, and constant nursing care for its patients while they undergo medical therapy at the hands of professional physicians. In carrying out these services, the hospital is striving to restore its patients to health"

To contextualize the systems theory, Pan American Health Organization, (2012) describe hospitals as open systems that interact with the environment to complete necessary trades for survival of the system, growth, and fulfillment of systems' goal. A hospital is a subsystem that exists within a hierarchy of other systems. Additionally, Hospitals are complex systems, since they contain large number of subsystems such as the radiology department, nursing services, housekeeping, food services, laundry, laboratory department, finance department, procurement and so on. Each of these subsystems can be looked at as a system of its own. Hospitals are subsystems of overall health care system of a nation and a hospital system in itself consist of a pattern of organized relations where different components of the system are related to each other in a particular way. National Healthcare Act, Hospital By-laws, Rules, Public Policies and Procedures regulate the relationship for purposes of improving health system performance to deliver positive impact.

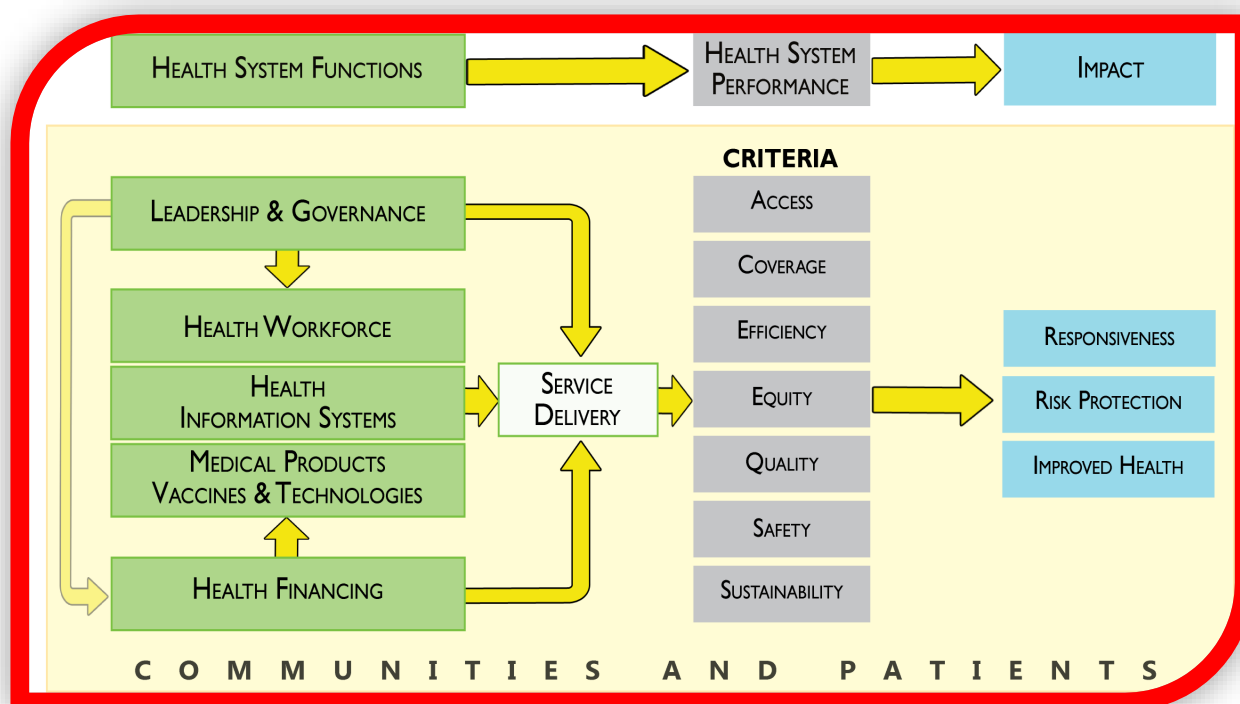


Figure 8: *Source:* Hospital Systems - USAID Health System 20/20, 2012 Version II

Millers (2010) in his assertions describes the hospital as an open system echoed by this diagram from the USAID Health System Manual version ii of September 2012, this research thesis intends to use the framework as it confirms the main philosophy of this research in the context of – input and output theory.

As part of the healthcare framework described above, WHO (2010) [Online] organized the health system into six functions, or building blocks: Leadership and governance, Health Financing, Service delivery, Human resources for health, Medical products, Health information systems.

This WHO enumeration of the building blocks has been adopted widely, and now provides a common terminology for discussing key health system functions. This is the reason why this research project has purposefully decided to assess the impact of Public Procurement Reform on services delivery using the internationally recognized health system function/building block. When each building block functions properly health service delivery and health system performance is high.

## 2.6.7 Public Health System Performance

Decision-makers in countries around the world face a series of common problems as they aim to make appropriate choices to improve the performance of their health systems. With eight per cent of the world's economic output invested in health systems, the way these systems are organized to collect resources and transform them into services for people in need can profoundly influence health outcomes for populations. Yet the scientific evidence-base to inform critical health system decisions is much weaker than the evidence-base to inform individual clinical decisions. Policy

advice on health system development has, until recently, been based on case-studies and, sometimes, ideology. Case studies can be useful partly because health systems and cultures all differ in many ways. There is a great deal of knowledge, however, to be gained from the experiences of groups of countries taken together, learning from common experience.

The World Health Organization (2014) defines health system performance assessment (HSPA) as “a country-specific process of monitoring, evaluating, communicating and reviewing the achievement of high-level health system goals based on health system strategies”. The broad aim of HSPA is to promote strategic accountability for health system actions. Specific objectives might include: setting out the goals and priorities for a health system; acting as a focus for policymaking and coordinating actions within the health system; measuring progress towards achievement of goals; informing public debate on the health system amongst stakeholders and citizens.

### **2.6.8 Compliance and Intervention Theory**

Margaret Rouse (2016) described - Compliance as a prevalent business concern, partly because of an ever-increasing number of regulations that require companies to be vigilant about maintaining a full understanding of their regulatory compliance requirements. She further defined compliance as either a state of being in accordance with established guidelines, procedures or specifications, or the process of becoming so. The definition of compliance can also encompass efforts to ensure that organizations are abiding by both industry/sector regulations and government legislation. There are several types and requirements of compliance of which among them is regulatory compliance. Regulatory compliance is an organization's adherence to laws, regulations, guidelines and specifications relevant to its business in a particular. Violations of regulatory compliance regulations often result in inefficiencies detrimentally affecting the operation of the organization or legal punishment.

Compliance theory provides a vehicle for the examination of the relationship between those who hold power and those who are subject to that power in various organizations. In other words, the power used by superiors to control subordinates and the reaction of the subordinates to that power composes the compliance relationship.

Amitai Etzioni (1975, 1997) developed an innovative approach to the structure of an organization that he called Compliance Theory. Theory classifies organization by the type of power they use to direct the behavior of their members and the type of involvement of participants. He further stated that a typology of organizational compliance is based on three types of power and three degrees of member involvement. The interest of this research thesis is on the aspect of Organizational control, which according to Etzioni, represents the power an actor has to induce or influence another actor to carry out his or her directives or any other norms he or she supports. This theory gives an insight to another angle of change implementation challenges. It brings to light that an organization control represents an actor who has to induce or influence another actor to carry out his or her directives or any other norms he or she supports.

Successful implementation of Public Procurement Act and the subsequent regulations or any piece of proposed change in all government entities requires political will and senior management support. This aspect of support will be searched in quest for facts attributing to the impact of the

reform on health care services in public outlets. Theory will help this thesis to examine levels of support and subsequent impact on the overall realization of intent of the reform.

Chris Argyris, (1970) Intervention: The act of intervening, interfering or interceding with the intent of modifying the outcome. In medicine, an intervention is usually undertaken to help treat or cure a condition. **Intervention theory** is a term used in social studies and social policy to refer to the decision-making problems of intervening effectively in a situation in order to secure desired outcomes. **Intervention theory** addresses the question of when it is desirable not to **intervene** and when it is appropriate to do so. In *Intervention Theory and Method* Chris Argyris argues that in organization development, effective intervention depends on appropriate and useful knowledge that offers a range of clearly defined choices and that the target should be for as many people as possible to be committed to the option chosen and to feel responsibility for it. Overall, interventions should generate a situation in which actors believe that they are working to internal rather than external influences on decisions

Andale (2016) states an intervening variable sometimes called a mediating variable is a hypothetical variable used to explain causal links between other variables. Intervening variables cannot be observed in an experiment that's why they are hypothetical. An intervening variable is used in the process of explaining the observed relationship between an independent and dependent variable. In this thesis a good example could be an association between national healthcare funding and availability of drugs in public hospitals. Just because there is adequate funding doesn't mean availability of drugs in the local hospitals, so other hypothetical variables are used to explain the phenomenon. These intervening variables could include lack of legal framework for finance or procurement even lack of logistics capacity.

MacKinnon (2008) stated that in statistics a mediation model is one that seeks to identify and explain the mechanism or process that underlies an observed relationship between an independent variable and a dependent variable via the inclusion of a third hypothetical variable, known as a intervening variable. Rather than a direct causal relationship between the independent variable and the dependent variable, a mediation model proposes that the independent variable influences the (non-observable) mediator variable, which in turn influences the dependent variable. Thus, the intervening variable serves to clarify the nature of the relationship between the independent and dependent variables.

Intervention analyses are employed to understand a known relationship by exploring the underlying mechanism or process by which one variable influences another variable through a mediation or intervening variable. Intervention analysis facilitates a better understanding of the relationship between the independent and dependent variables when the variables appear to not have a definite connection.

## 2..7 Impact of the Reform on Public Health

Procurement policies are important from a development perspective such as reducing poverty and attaining health for the nation. Other objectives require getting the most out of the limited funds available for state purchases of goods, services, and infrastructure. Efficient public procurement practices also contribute towards the sound management of public expenditures more generally. Procurement planning enables the identification of major investment expenditures, which in turn

facilitates budgetary decision-making. In addition, the effective provision of public services often requires the coordinated delivery of materials and the like, which the state purchasing apparatus must accomplish. It is difficult to imagine how a state can deliver substantial improvements in the well being for its citizens without a public expenditure system that includes effective public procurement policies. This recognition accounts in part for the growing interest in public procurement laws and practices and in the feasibility and likely consequences of their reform.

There is also a growing appreciation of the linkages between specific national objectives and public procurement practices. For example, state contracting is often a central focus of campaigns to tackle corruption and to ensure that appropriate distance is kept between government officials and the private sector. Procurement policies may be part of an industrial policy or an instrument to attain social objectives (e.g., support for small and medium sized enterprises, minority-owned businesses, disadvantaged ethnic groups, or certain geographic regions) through set-asides and preference policies. The manner in which a state implements its public procurement policies has implications for the achievement of such objectives, and for the cost of doing so. Indeed, these policies may speak volumes about numerous other national priorities, practices, and concerns McCrudden (2004). Knowing what the various objectives are and how effective and efficient procurement policies are in attaining them should be an important dimension of assessing the performance of governments.

### 2.7.1 Procurement Reform and Health Service Delivery

Chan (2007) stated for the first time, public health has commitment, resources, and powerful interventions. What is missing is this. The power of these interventions is not matched by the power of health systems to deliver them to those in greatest need, on an adequate scale, in time. This lack of capacity arises ... in part, from the fact that research on health systems has been so badly neglected and underfunded.

WHO, (2008) The responses of many health systems so far have been generally considered inadequate and naïve. Inadequate, insofar as they not only fail to anticipate, but also to respond appropriately – too often with too little, too late, or too much in the wrong place. Naïve insofar as a system's failure requires a system's solution – not a temporary remedy. "WHO" World Health Report, 2008.

The public sector delivers or facilitates the delivery of a wide range of public services, increasingly with the involvement of voluntary and community organisations. Public procurement system is an assembly of rules, regulations, procedures and tributary in its application to public sector service delivery. Procurement system is meant to ensure that expenditure of public resources should be carried out by the rules. When public procurement system is adopted communities are able to make the most with available resources. Similar systems exist in majority of world's countries and in all of them intention is the same. To gain best value for money, eliminate corruption, to assure transparent on money expenditure and to block discrimination. Value systems are clear and they are ground for all rules, regulations and procedures which are interpreted in law, directives, decreets and other acts.

The utility sector is under pressure to become more efficient, which means making the money go further. Sometimes this means reducing costs, at other times it means finding new and smarter ways to deliver services. Services must also be sustainable. A voluntary and community organisation must think about how they provide confidence in their ability to develop, resource and deliver a service over the whole life of the contract.

The activities of the utility sector base their legal framework on municipal management legislation and public procurement legislation. There is no standard approach to utility sector procurement and each sector organisation will have developed its own internal procurement rules and processes.

## 2.7.2 Procurements in the Health Sector

Like any government entity, the public health sector has continued to follow procedures for procuring goods, works and services as laid down in the Public Procurement Act (2003) and elaborated in the Public Procurement Regulations of 2004. The flowchart below depicts the current system of information flow that informs the procurement process of Medicine in Malawi.

## 2.7.3 Medicine Procurement

Procurement Flow Chart for Medicines Ministry of Health – Malawi Government

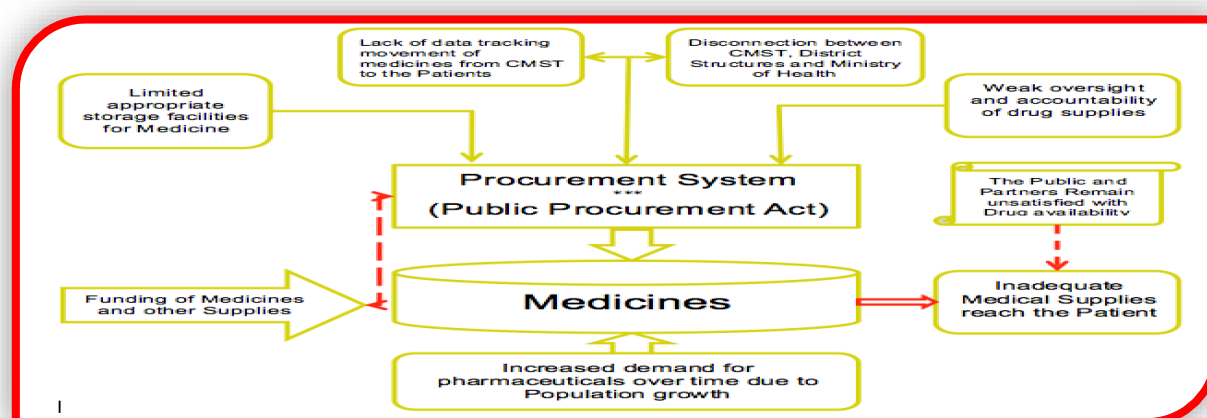


Figure 8: Source MoH ARR 2015, p.41 Procurement Flow Chart for Medicine (Modified)

During implementation of Plan of Work (PoW), major challenges in procurement have included lack of capacity, especially at the central level; poor coordination between Procurement Unit and other departments including districts; lack of well documented procurement procedures; unclear role of the central level in procurements undertaken at the district level, and persistent emergency procurements.

The commissioning of multiple audits by different partners and operation of parallel system of oversight to provide reassurance to Health Development Partners (HDP) have also exacerbated procurement capacity challenges in the public health sector. This arrangement has posed challenges as Development Partners have failed to align to country systems in accordance with the 2005 Paris Declaration on Aid Effectiveness and the 2008 Accra Agenda for Action. During the



implementation of the HSSP, a number of interventions aimed at ensuring adequate capacity at all levels of the public health sector will be undertaken.

These will include implementation of strategies that support continuous improvement and best procurement practices while achieving value for money in all procured goods, works and services; engagement on short-term basis, the services of a Technical Assistance to build capacity in procurement; and encouragement of Development Partners (DPs) to align to the country's systems and simultaneously provide support to strengthen weak areas which they think amenable to suspicion.

While the overall availability of tracer drugs has improved over the PoW period, the shortage of drugs and other medical supplies continues to be a major challenge in health facilities. Factors such as lengthy procurement processes, poor specifications, weak logistical information systems, inadequate and unpredictable funding for medicines and inadequate infrastructure contribute to shortage of drugs. A significant proportion of districts overspend on drugs as they buy at higher prices from the private sector.

In some cases, the health sector is subjected to inappropriate donations of medicines and other medical supplies. There is also a shortage of pharmaceutical staff and this is exacerbated by low output from health training institutions. In order to effectively deliver the EHP, the HSSP has included strategies that aim at addressing these challenges and ensure that drugs and other medical supplies are available at health facilities.

#### **2.7.4 Public Health Stores Management Function**

Critical analysis of the Government of Malawi 2014/15 Annual Review Report for Health Sector particularly Chapter 3, Health System: Section 3.3, Medicines and Medical Supplies. Right from the opening of the section is all about availability of medicine and medical supplies in hospitals. This signifies that availability of medicines and medical supplies in public hospitals is one among the outstanding pillars of success in this sector. If at all public health services delivery is to claim success availability of drugs in its services outlets should be sustainable. Based on Logistics Management Information System (LMIS) data the reports states that in the years from 2011 to 2014 stock-out rates have been falling only to start rising again in 2014/15 financial year. The report sites four major causes of this setback.

1. Inadequacy of Storage Facility
2. Drug Pilferage
3. General Finance Gap
4. Poor Record Keeping

Coincidentally, the report states “it is unclear if the perceived drug shortage in public hospitals is as severe as it is portrayed in the media”. This is also the mainstay of this research thesis that despite the reform of Public Procurement System in Malawi that was meant to improve public procurement processes to help improve public service delivery in this case health still suffers public ridicule. In the light of the reform, Public Procurement scandals still infest both electronic and press media and the public regards public procurement as an area of waste and corruption, which directly affect

public service delivery. Public outcry through various media is becoming key in performance assessment of public service delivery and must not be neglected.





Most interesting aspect of the report is how it has linked shortage of drug in public hospitals with weakness in the procurement system. In essence Public Procurement System is among the pillars for successful delivery of public health. The report in its summary of procurement system weakness cites limited appropriate storage, lack of data tracking system, disconnect between Central Medical Stores, Public Hospitals and Ministry of Health and weak oversight and accountability of drug supplies. All these have been put up together as a weakness in procurement system leading to chronicle shortage of drugs in public hospitals. The common question that would arise naturally is where is the **impact** of the Reformed Public Procurement if all these are compounded as a weakness in the reform leading to disservice to the public. A critical review of the cited issues purported to be as a result of weakness of procurement system one would conclude that there is an inherent deficiency in the reform. All the four concerns outlined above could professionally in a well-established supply chain be under Stores Management Function.

The reformed public procurement law currently in force in Malawi has meticulously enshrined public procurement and disposal of public asset processes while conspicuously omitted stores management function. This is being cited by many government agencies including Ministry of Health as most probable cause of deficiency as far as public procurement

### 2.7.5 Stores Management

Stores Management is basically concerned with ensuring that all activities involved in storekeeping and stock control are carried out efficiently and economically. Various critical reviews of Reports of the Auditor General on the Accounts of the Government of the Republic of Malawi in the years of 2010 to 2018 indicate that many government ministries, departments, and agencies (MDAs) share a common central tendency of unprecedented performance deficiency in stores management leading to unnecessary stockouts, alarming pilferages and poor record keeping which has a direct negative effect on public services delivery. The Central Medical Stores, which is the Government Drug Store, is not spared by this unprecedented performance deficiency. Below is just a random sample of government Ministries, Departments, and Agencies where stores management deficiencies have conspicuously been spotted by Auditor General's report with enormous unreconciled variances decoded into high values of money.

#### Ministry of Health

-  Central Medical Stores
-  KCH
-  ZCHECH
-  MZCH

Most often literature has portrayed that keeping stock is wasteful, further contends that such practices tie up the most needed cash for business operation. My immediate reaction is that this a misleading economic or business principle coined around failure to put in place right stock management strategies. Availability of stock on time facilitates excellent customer services in frontline businesses. Availability of stock in right quantity does not only facilitate customer service but is key to continuous production line in manufacturing businesses. Therefore, the school of thought that 'keeping stock is wasteful and ties up cash' does not consider the cost of lost business and dent on image due to stock outs or stoppages in production line. Stock does not tie up cash but facilitates making of cash.

## CHAPTER 3

### 3.0 RESEARCH METHODOLOGY

#### 3.1 Introduction

There are several research methodologies used in research studies. Amidst them all I have chosen to use **MIXED METHODS** methodology. Mixed Methods refers to an emergent methodology of research that advances the systematic integration or mixing of qualitative and quantitative data within single investigation or sustained program of inquiry by integrating the data during collection, analysis, or during discussion.

The preference of this methodology was simply based on its ability to go beyond the limitation of inductive and deductive approaches. Mixed Method is potentially advantageous in that:

- ✚ Compares quantitative and qualitative data. Mixed methods are especially useful in understanding contradictions between quantitative results and qualitative findings.
- ✚ Reflects participants' point of view. Mixed methods give a voice to study participants and ensure that study findings are grounded in participants' experiences.
- ✚ Fosters academic interaction. Mixed Method studies add breadth to multidisciplinary research study by encouraging the interaction of qualitative and quantitative specialist.
- ✚ Provides methodological flexibility. Mixed methods have great flexibility and are adaptable to many study designs to elucidate more information than can be obtained in only one extreme research approach.
- ✚ Collects rich, comprehensive data. Mixed methods also mirror the way individuals naturally collect information—by integrating quantitative and qualitative data.

Mixed methods rest on gaining balances from two extreme paradigms of **positivism** and **intepretivism** or on the other hand it may be considered as a mixture of deductive and inductive reasoning whose purpose is merely to mover come the deficiencies of the other. Further the methodology will also mirror the postmodernism where it states “no principle is beyond question”. This will help to refined focus in responding to research questions.

Research methodology is the broad philosophical underpinning to a chosen research method, which in this case is *mixed methods*. Both qualitative and quantitative research techniques will be used in information and data collection for the purpose of bridging knowledge gaps in the process of responding to the research questions. This research methodology is designed to enrich the feedback to the research questions from extreme spheres of *positivism* and *intepretivism* philosophies. To encompass these extreme spheres this method will focus on documentary analysis and interviews on one hand while questionnaires and observations on the other.

The research methodology thus **Mixed Method** in this study intends to address the research questions in the basic research approaches of *positivism* and *intepretivism*. The results of these approaches will then be triangulated to synthesis the feedback and check how best the research has

responded to the *Problem Statement* leading to possible recommendations for changes or improvement of the existing Reformed Public Procurement system in Malawi.

Creswell, Plano Clark, et al., 2003 stated that the most common and well-known approach to mixing methods is the Triangulation Design. The purpose of this design is to obtain different but complementary data on the same topic to best understand the research problem. The intent in using this design is to bring together the differing strengths and nonoverlapping weaknesses of quantitative methods with those of qualitative methods. This design is used when a researcher wants to directly compare and contrast quantitative statistical results with qualitative findings or to validate or expand quantitative results with qualitative data. The Triangulation Design is a one-phase design in which researchers implement the quantitative and qualitative. This is exactly what this thesis methodology has followed in order to answer the research questions.

### 3.1 (a) Research Method

**Mixed Methods Research** has been the chosen as the research method because it is a more specific and balanced research method of searching information in that it includes the mixing of qualitative and quantitative data, methods, methodologies, and/or paradigms in a research study or set of related studies. In other words, one may argue that mixed methods research is a special case of multimethod research.

Mixed methods research is a vital methodology for conducting research that involves collecting, analyzing and integrating quantitative data from experiments, surveys and qualitative data from focus groups, interviews research. This research approach has been chosen over the others because of its capability of integration of social and scientific methods that provides a better understanding of the research problem than either of each alone.

Quantitative data in this methodology will include close-ended information that seeks to emphasize objective measurement using statistical, mathematical, or numerical analysis of the data collected through questionnaires. This instrument is meant to quantify and measure the respondent's considered position by asking them to assign values to levels of their understanding. Respondents will check or uncheck their position along the *likert scale* either agree or disagree and then eventually quantify scores against each tested variable to determine position. The collected data will be analysed using Excel or SPSS to produce pictorial trend of events leading to a solution or possible cause of the challenges.

Qualitative data consists of open-ended information. This study will use qualitative research technics such as interviews, documentary analysis and observations to gather qualitative information. Thereafter all recorded interviews, observations and summarized documentaries will be subjected to *thematic analysis*, which is the common method of analyzing qualitative data. The identified themes, topics, ideas and patterns that would repeatedly come up will be categorized and grouped to produce trend from where the research will derive the meaning and make conclusions.

By mixing both quantitative and qualitative research and data collection, this thesis is designed to gain in breadth and depth of understanding and corroboration, while offsetting the weaknesses inherent of single handedly using one approach by itself. One of the most advantageous characteristics of conducting mixed methods research is the possibility of triangulation, thus the use of several means to examine the same phenomenon. Triangulation allows one to identify aspects of

a phenomenon more accurately by approaching it from different vantage points using different methods and techniques. Successful triangulation requires careful analysis of the type of information provided by each method, including its strengths and weaknesses.

The researcher in this thesis is aware of the limitations of Mixed Method. Mixed method research has indeed some disadvantages and limitations, in the sense that the research design can be very complex and as such may take much more time and resources to plan and implement this type of research. It may also be difficult to plan and implement one method by drawing on the findings of another and eventually being ambiguous on how to resolve discrepancies that arise in the interpretation of the findings.

In the same vain, despite the challenges and limitation of Mixed Methods as indicated above - nevertheless the use of mixed method research provides a number of advantages. Mixed Method provides strengths that offset the inherent weaknesses of both quantitative and qualitative research. For instance, quantitative research is weak in understanding the context or setting in which people behave, something that qualitative research makes up for. On the other hand, qualitative research is seen as deficient because of the potential for biased interpretations made by the researcher and the difficulty in generalizing findings to a large group. Therefore, by using both types of research, the strengths of each approach can make up for the weaknesses of the other. Mixed method further provides a more complete and comprehensive understanding of the research problem than either quantitative or qualitative approaches alone.

Following the decision to use Mixed Method, concurrent triangulation will automatically come into play to develop a more complete understanding of a topic or phenomenon that will cross-validate or corroborate findings this will eventually provide well-validated and substantiated findings. Concurrent triangulation design is economical when administering data collection instrument, in a sense that in this design only one data collection phase is used, during which quantitative and qualitative data collection and analysis are conducted separately yet concurrently. The findings are integrated during the interpretation phase of the study. Usually, equal priority is given to both types of research.

### 3.2 Research Paradigm

Research paradigm and philosophy is an important part of research methodology in order to collect data in an effective and appropriate manner in this research study. Research Paradigm is a worldview or perspective that is based on the set of shared assumptions, values, concepts and practices. In other words, paradigm can be defined as a function of how researcher thinks about the development of knowledge. Research Paradigm is a combination of two ideas that are related to the nature of world and the function of researcher. It helps researcher to conduct the study in an effective manner while Research Philosophy is the development of the research background, research knowledge and its nature Saunders and Thornhill, (2007). Research Philosophy is also best defined with the help of research paradigm.

Easterby-Smith et al (2006) indicated that there are three components of Research Paradigm or three ways to think about research philosophies

1. **Epistemology** Common parameters and assumptions that are associated with the excellent way to investigate the nature of the real world.

2. **Ontology** Common assumptions that are created to understand the real nature of the society
3. **Methodology** Combination of different techniques that are used by the researcher to investigate different situations.

According to TerreBlanche and Durrheim (1999), the Research Paradigm is an all-encompassing system of interrelated practice and thinking that define the nature of enquiry along philosophical dimensions of ontology, epistemology, and methodology. The term paradigm originated from the Greek word *paradeigma*, which means pattern and was first used by Thomas Kuhn (1962) to denote a conceptual framework shared by a community of scientists, which provided them with a convenient model for examining problems and finding solutions.

Kuhn (1977) further defines a paradigm as: an integrated cluster of substantive concepts, variables and problems attached with corresponding methodological approaches and tools. According to him, the term paradigm refers to a research culture with a set of beliefs, values, and assumptions that a community of researchers has in common regarding the nature and conduct of research. Olsen, Lodwick, and Dunlop, (1992:16) concurred with Kuhn in that a paradigm hence implies a pattern, structure and framework or system of scientific and academic ideas, values and assumptions -.

Lather (1986a: 259) further explained that research paradigms inherently reflect our beliefs about the world we live in and want to live in. Based on this belief, Guba and Lincoln (1994) distinguish between positivist, post-positivist and postmodernist enquiry, grouping postmodernism and post-structuralism within ‘critical theory’. The nature of reality assumed by positivism is realism, whereby a reality is assumed to exist; in contrast, post-positivism assumes that this ‘reality’ is only ‘imperfectly and probabilistically apprehendable’ Guba and Lincoln, (1994, p. 109). Post-positivism is viewed as a variant of the former positivism, but they are both objectivist.

Gephart, (1999) classified research paradigms into three philosophically distinct categories as positivism, interpretivism and critical postmodernism. Out of these three paradigmatic dimensions; this qualitative and quantitative research thesis pursues interpretive as the main paradigm. As has been noted, the philosophical position to which this refers is the way we as humans attempt to make sense of the world around us. The concern within this paradigm would be to understand the fundamental meanings attached to organizational life. Far from emphasizing rationality, it may be that the principal concern we have here is discovering irrationalities. The three philosophical perspectives are the popular paradigms in contemporary social, organizational, and management research hence their choice in this impact assess project.

The key features of these three perspectives that include the worldview, the nature of knowledge pursued, and the different means by which knowledge is produced and assessed within each paradigm or worldviews of *Positivism*, *Interpretivism*, and *Critical Postmodernism* will be taken into count in this research with emphasis on interpretivism as the central paradigm. However, Gephart further indicated that there is no consensus, as to whether these research paradigms are necessarily opposed or whether they can be seen as contributing a different role in the same study. In case of this thesis the underlying epistemology thus philosophical assumptions are meant to contribute to the entire research process from the qualitative and quantitative angles.



### 3.3 Critical Postmodernism

Postmodernism is largely a reaction to the assumed certainty of scientific, or objective, efforts to explain reality. In essence, it stems from a recognition that reality is not simply mirrored in human understanding of it, but rather, is constructed as the mind tries to understand its own particular and personal reality. For this reason, postmodernism is highly skeptical of explanations which claim to be valid for all groups, cultures, traditions, or races, and instead focuses on the relative truths of each person. In the postmodern understanding, interpretation is everything; reality only comes into being through our interpretations of what the world means to us individually. Postmodernism relies on concrete experience over abstract/theoretical principles, knowing always that the outcome of one's own experience will necessarily be fallible and relative, rather than certain and universal.

Richard Tarnas [(2001) online] stated that Postmodernism is "post" because it denies the existence of any ultimate principles, and it lacks the optimism of there being a scientific, philosophical, or religious truth which will explain everything for everybody - a characteristic of the so-called "modern" mind. The paradox of the postmodern position is that, in placing all principles under the scrutiny of its skepticism, it must realize that even its own principles are not beyond questioning. As the philosopher Richard Tarnas states, postmodernism "cannot on its own principles ultimately justify itself any more than can the various metaphysical/hypothetical overviews against which the postmodern mind has defined itself."

Gephart, (1999) elaborates that the critical postmodernism is a combination of two somewhat different worldviews— critical theory and postmodern scholarship. Critical Theory is a tradition developed by the Frankfurt School in Germany, based on the German tradition of philosophical and political thought of Max Weber et al. Postmodernism is a form of knowledge or philosophy that emerged in part through the work of French intellectuals such as Lyotard, Derrida and Foucault.

Though they are derived from different views, they are broad titles for intellectual movements rather than specific theories, yet they are essential parts of social semiotic analysis. Critical Postmodernism is less radical in its approach and is a growing field of study that is moving beyond the supposedly radical postmodernism. Reeves and Hedberg, (2003, p. 33) Denoted that this paradigm is a force of liberation that engages an ongoing conflict with the powers of oppression and seeks to bring about educational reform

Myers, (2009) stated that critical researchers assume that social reality is historically constituted and that it is produced and reproduced by people. Although people can consciously act to change their social and economic circumstances, critical researchers recognize that their ability to do so is constrained by various forms of social, cultural and political government. Therefore, critical knowledge building seeks to transcend taken-for- granted beliefs, values and social structures by making these structures and the problems they produce visible, by encouraging self conscious criticism, and by developing emancipatory consciousness in scholars and social members in general Kincheloe and McLaren, (1994). The aim is to openly critique the status quo, focus on the conflicts and constraints in contemporary society, and seek to bring about cultural, political and social change that would eliminate the causes of alienation and domination.

Reeves and Hedberg, (2003), emphasized that the paradigm of critical theory encourages evaluators and instructional designers to question and also to evaluate the cultural, political, and gender

assumptions underlying the effectiveness of the instructional product or program. The critical theory seeks to deconstruct the "hidden curriculum" or "text" and search for the "truth" and "understanding within the social context".

According to Gephart (1999[online]) the goal of critical postmodernism is social transformation to displace the existing structures of power and domination by opening opportunities for social participation among persons previously excluded and dominated. Boje, (2001) stated that the task in critical postmodern analysis has been to deconstruct discourse to reveal hidden structures of domination, particularly dichotomies (e.g., male/female) and then reconstruct or offer alternative, less exploitive social arrangements.

Boje, (2001) further argues that critical postmodern manifesto resists the reduction of all postmodern theories into the camp of naïve interpretivism or relativistic social construction. Gephart, (1999) then contended that critical postmodern research has often focused on discourse at the micro level, in contrast to a somewhat more macro level focus in critical theory research. It often uses conventional positivist and interpretivist methods; thus, rather than methodological differences it is a commitment to dialectical analysis and to critical/postmodern theory which most clearly differentiates critical postmodern research from positivism and interpretivism.

### **3.4 Positivism**

The positivist paradigm of exploring social reality is based on the philosophical ideas of the French Philosopher August Comte. According to him, observation and reason are the best means of understanding human behavior; true knowledge is based on experience of senses and can be obtained by observation and experiment. At the ontological level, positivists assume that the reality is objectively given and is measurable using properties, which are independent of the researcher and his or her instruments; in other words, knowledge is objective and quantifiable.

He further defined Positivism as a philosophical theory, which states that positive knowledge is based on natural phenomena and their properties and relation. He contended that information derived from sensory experience, interpreted through reason and logic forms the exclusive source of all authoritative knowledge. Positivism holds that is valid certitude or truth is found only on derived knowledge.

Henning, et al (2004) expressed that positivistic thinkers adopt scientific methods and systematize the knowledge generation process with the help of quantification to enhance precision in the description of parameters and the relationship among them. Positivism is concerned with uncovering truth and presenting it by empirical means.

According to Walsham (1995b) the positivist position maintains that scientific knowledge consists of facts while its ontology considers the reality as independent of social construction. If the research study consists of a stable and unchanging reality, then the researcher can adopt an 'objectivist' perspective: a realist ontology - a belief in an objective, real world - and detached epistemological stance based on a belief that people's perceptions and statements are either true or false, right or wrong, a belief based on a view of knowledge as hard, real and acquirable; they can employ methodology that relies on control and manipulation of reality.

Hwang's (1996, pp. 343-56) view of positivist thinking associates it with a broad variety of theories and practices, such as Comtean-type positivism, logical positivism (non-realism), behaviorism, empiricism, and cognitive science. Although positivistic paradigm continued to influence

educational research for a long time in the later half of the twentieth century, its dominance was challenged by critics from two alternative traditions – interpretive constructionism and critical postmodernism— due to its lack of subjectivity in interpreting social reality. According to its critics, objectivity needs to be replaced by subjectivity in the process of scientific inquiry. Constructionism and critical postmodernism offer alternative theoretical, methodological and practical approaches to research according the assertion of Gephart, (1999).

In its pure form, the realist perspective represents, essentially, the classical positivist tradition. However, a modified objectivist perspective called post positivism Phillips, (1990) claims that, although the object of our inquiry exists outside and independent of the human mind, it cannot be perceived with total accuracy by our observations; in other words, complete objectivity is nearly impossible to achieve, but still pursues it as an ideal to regulate our search for knowledge. This represents the critical *realist* ontology, as articulated by Cook and Campbell (1979). Gephart, (1999) observed that the positivist focus on experimental and quantitative methods have been superseded or complemented to some extent by an interest in using qualitative methods to gather broader information outside of readily measured variables.

### 3.5 Interpretivism

As stated above Gephart classified research paradigms into three philosophically distinct categories, which is positivism, intepretivism and critical postmodernism. Following this school of thought this research study in its methodology will deploy tenets of interpretivism philosophy distinct category as the main research paradigm with dotted relationship to positivism and postmodernism.

Interpretive researchers believe that reality consists of people’s subjective experiences of the external world; thus, they may adopt an inter-subjective epistemology and the ontological belief that reality is socially constructed. Willis et al, (1995[online]) contends that indeed interpretivists are anti-foundationalists, who believe there is no single correct route or particular method to knowledge. Walsham (1993) supports the Willis stands as he argues that in the interpretive tradition there are no ‘correct’ or ‘incorrect’ theories. Instead, they should be judged according to how ‘interesting’ they are to the researcher as well as those involved in the same areas. They attempt to derive their constructs from the field by an in-depth examination of the phenomenon of interest.

Gephart (1999: [online]) argues that interpretivists assume that knowledge and meaning are acts of interpretation, hence there is no objective knowledge, which is independent of thinking, reasoning humans. Myers (2009: [online]) argues that the premise of interpretive researchers is that access to reality whether given or socially constructed is only through social constructions such as language, consciousness and shared meanings. Interpretive paradigm is therefore underpinned by observation and interpretation, thus to observe is to collect information about events, while to interpret is to make meaning of that information by drawing inferences or by judging the match between the information and some abstract pattern as argued by Aikenhead, (1997:[online]). Deetz, (1996) stated that interpretive research attempts to understand phenomena through the meanings that people assign to them; this is exactly a line of approach in this research study as it investigate that impact of public procurement reform on public health service delivery, what meaning have the procurement practitioners and beneficiaries assign to the reform. Successful implementation of the reform to yield the intended purpose leans on willingness to change and the perception of the reform intent.

Reeves and Hedberg (2003, p. 32) note that the “interpretivist” paradigm stresses the need to put analysis in context. The interpretive paradigm is concerned with understanding the world as it is from subjective experiences of individuals. They use meaning versus measurement-oriented methodologies (objectivity), such as interviewing or participant observation, that rely on a subjective relationship between the researcher and subjects. Interpretive research does not predefine dependent and independent variables, but focuses on the full complexity of human sense making as the situation emerges stated Kaplan and Maxwell, (1994). This is the interpretive approach, which aims to explain the subjective reasons and meanings that lie behind social action.

Hudson and Ozanne, (1988) denoted that the position of interpretivism in relation to ontology and epistemology is that Interpretivists believe the reality is multiple and relative. Concurred by Lincoln and Guba (1985) further explain that these multiple realities also depend on other systems for meanings, which make it even more difficult to interpret in terms of fixed realities Neuman, (2000) shared the same view. Carson et al., (2001, p.5) emphasized that knowledge acquired in this discipline is socially constructed rather than objectively determined and perceived which was the same stand shared by Hirschman, (1985), Berger and Luckman, (1967, p. 3) and Hudson and Ozanne, (1988).

Carson et al., (2001) Indicated that Interpretivists avoid rigid structural frameworks such as in positivist research and adopt a more personal and flexible research structures, which are receptive to capturing meanings in human interaction and make sense of what is perceived as reality. They believe the researcher and his informants are interdependent and mutually interactive Hudson and Ozanne, (1988). The interpretivist researcher enters the field with some sort of prior insight of the research context but assumes that this is insufficient in developing a fixed research design due to complex, multiple and unpredictable nature of what is perceived as reality (Hudson and Ozanne, 1988). The researcher remains open to new knowledge throughout the study and lets it develop with the help of informants. The use of such an emergent and collaborative approach is consistent with the interpretivist belief that humans have the ability to adapt, and that no one can gain prior knowledge of time and context bound social realities (Hudson and Ozanne, 1988).

Neuman, 2000; Hudson and Ozanne, (1988) concluded that the goal of interpretivist research is to understand and interpret the meanings in human behavior rather than to generalize and predict causes and effects. For an interpretivist researcher it is important to understand motives, meanings, reasons and other subjective experiences, which are time and context bound. That is why this thesis has opted for interpretivism as its main research theory.

### **3.6 Research Philosophy**

A research philosophy is a belief about the way in which data for a particular phenomenon should be gathered, analysed and used. The term epistemology (what is known to be true) as opposed to doxology (what is believed to be true) while ontology (the reality that exist independent of the known truth or that is believed to be true) encompasses the various philosophies of research approach.

Every research project is therefore based on some underlying philosophical assumptions about what constitutes 'valid' research and which research method(s) is appropriate for the development of knowledge in a given study. In order to conduct and evaluate any research, it is therefore important to know what constitutes these assumptions. This research thesis will deploy common philosophical assumptions of epistemology and ontology the same will be reviewed and presented; the

interpretive paradigm was identified for the framework of the study. In addition, the chapter discusses the detailed research methodologies, and design used in the study including strategies, instruments, and data collection and analysis methods, while explaining the stages and processes involved in the study.

The research philosophy will take two perspectives and the first one is ontological realism: the belief that there is a real world that exists independently of our perceptions and theories. The second perspective is epistemological constructivism: our understanding of this world is inevitably our construction, rather than a purely objective perception of reality, and no such construction can claim absolute truth. This is widely recognized both in science Shadish, Cook, & Campbell, (2002, p. 29) and in our everyday lives; we recognize that what people perceive and believe is shaped by their assumptions and prior experiences as well as by the reality that they interact with. From this perspective, every theory, model, or conclusion including the model of qualitative research design to be presented here is in essence a simplified and incomplete attempt to grasp something about a complex reality.

This combination of perspectives is extremely useful in thinking about a wide range of issues in qualitative research as cited by Maxwell, (2011b), who also combined this perspectives with insights from additional diverse philosophical positions, including pragmatism and postmodernism. This is not intended to create a unified super theory of qualitative research, but to benefit from a dialogue between the different perspectives, taking what Greene (20070; see also Koro - Ljungberg, (2004) has called a dialectical approach, one that combines divergent mental models to expand and deepen, rather than simply confirm, one's understanding.

### 3.7 Research Theory

Researchers base their work on certain paradigm and philosophical perspectives; it may be based on a single or more paradigm(s), depending on the kind of work they are doing. Following the above discussions, the philosophical assumptions underlying this study come mainly from interpretivism of hermeneutic in nature. However, this study will also have footprints of the other two perspectives — positivism an objectivist standpoint, and critical postmodernism as it supports different worldviews — instructivist and constructivist philosophies, and often uses conventional positivist and interpretivist methods.

Basically, this research has adopted interpretive theory which is hermeneutic (*Theory and Practice of Interpretation*) in nature, basically concerned with subjective meanings how individuals or members of the society apprehend, understand and make sense of social events and settings. Interpretive approaches give the research greater scope to address issues of influence and impact, and to ask questions such as 'why' and 'how' particular technological trajectories are created (Deetz, 1996). Walsham (1993) asserts that the purpose of the interpretive approach in information science is to produce an understanding of the context and the process whereby information science influences and is influenced by the context. This assertion justifies the researcher's choice of hermeneutic (*the art of interpretation*) as the philosophical rationale for this study. Thus, the Researcher adopted an inter- subjective or interactional stance towards the reality he was investigating.

Constructivism is closely related to interpretivism. Interpretivism often addresses essential features of shared meaning and understanding whereas constructivism extends this concern with knowledge as produced and interpreted. In the context of this study, individuals construct their own knowledge



within the social-cultural context influenced by their prior knowledge and understanding, and therefore, the Researcher positions himself as a Researcher within the parameters of a constructivist epistemological discourse.

Many government policies are formulated with purposes of intervention that would finally influence the dependent variables positively in public services delivery processes for the common good of the citizenry. From time immemorial the state confined itself to functions of defense on borders against territorial subjugation. Nevertheless, civic expectations from the government have changed overtime pushing the state functions beyond border territorial defense only.

Horsman, (1995) stated that the role of the state has gone through fundamental changes beyond the thinking of the bordered state, in which the main function of the State was merely to defend itself from external aggression. The modern state, and particularly those in developing world, is expected to meet innumerable or a myriad of social challenges to satisfy the aspirations of its people.

It is therefore the purpose of this research study to investigate the impact of public procurement reform on health service delivery as a state policy intervention to improve on health delivery in order to satisfy the health aspiration of common Malawians using theories of Interpretivism and Constructivism.

Policy intervention just like PPA 2003 was meant to bring efficiency and effectiveness in the procurement business in the public institution such as public health. To assess the impact of PPA 2003 as the main product of the reform on national health services it is necessary to understand and scan both internal and external environment together with the subjects involved in the implementation of the reform. The target group for the reform was procurement practitioners and the subsequent stakeholders to the entire procurement cycle. The central objective of the course for change was to define and refine public procurement process with embedded principles of accountability, transparency, competition and value for money in a manner to eliminate waste and deter corruption in procurement business.

Human with dissimilar perception, interpretations and understanding weighed with diverse human behavior and subjective experience implements these interventions. Public service delivery is one of the most crucial state functions whose impact ought to be assessed from time to time informing the policymaker of whether the action is on course or not. This research study will therefore deploy Interpretivism to socially construct nature of reality, the research atmosphere will be created in such a manner that there is intimate relationship between the researcher and what is being studied, to allow for the procurement practitioners describe or express their unique individual experiences, subjectivity, human behavior on the assessment of impact of the reform. Such a research environment provides the researcher to observe, investigate, and understand the implementation process, and further, gather and document the subtleties of practitioners' experiences and knowledge through strategies such as in-depth key informant interviews, participant observation, various written texts, face-to-face as well as focus-group interviews in a social and cultural context in which the implementation process occurred.



### 3.8 Research Approach

Inductive Research will be considered the approach in this thesis; the studies will particularly be concerned with context in which an event is taking place thus, impact of the reform agenda in the context of public service delivery such as public health services. Research Design will follow the principles of **Exploratory Studies** as valuable means of finding out what is happening with public procurement reform agenda as regards to its impact on the delivery of public services. The principal method of conducting the studies will basically be search of the literature, expert opinion in the subject area, questionnaires and key informants.

This research has adopted a qualitative method and considered case study as strategy. This was mainly due to the strength of case study in answering ‘how’ questions and providing in-depth understanding of phenomena as widely described by Yin (2003). Structured interviews were considered as appropriate technique for extracting comparable findings, as echoed by Khotary (2006). The study focused on three categories of public health services outlets, which are referral hospitals North, Central and Southern regions of Malawi.

### 3.9 Research Design

De Vaus (2006) defined research design as the overall strategy that you choose to integrate the different components of the study in a coherent and logical way, thereby, ensuring you will effectively address the research problem; it constitutes the blueprint for the collection, measurement, and analysis of data. Note that your research problem determines the type of design you should use, not the other way around. The research design can be seen as actualization of logic in a set of procedures that optimizes the validity of data for a given research problem.

According to Mouton (1996, p. 175) in his position stated that research design serves to "plan, structure and execute" the research to maximize the "validity of the findings". It gives directions from the underlying philosophical assumptions to research design, and data collection. Yin (2003) adds further that “colloquially a research design is an action plan for getting from *here* to *there*, where ‘here’ may be defined as the initial set of questions to be answered and ‘there’ is some set of (conclusions) answers” (p. 19).

The design of this research study is a **descriptive and interpretive case study** that is analysed through qualitative methods. Questionnaires and other instruments will be used to evaluate participants’ assessment, on the meaning, understanding, experience and perception of the Impact of Public Procurement Reforms in Malawi and determine their levels of satisfaction in the reform. A descriptive statistical method will be used to analyse the public procurement practitioners’ stance on this piece of legislation and its impact. Participant observation, face-to-face interviews, focus-group interviews, questionnaires, and member checking were used as data collection methods.

Furthermore, the justification for each of the data collection methods used in the study will be as discussed. Finally, in order to ensure trustworthiness of the research, appropriate criteria for qualitative research were discussed, and several methods that include member checks, peer reviews, crystallization and triangulation were suggested and later employed. The chapter closed with a diagrammatic representation of the major facets of the envisaged framework for the research design

and development of the study, and a discussion on the project management approach envisioned for this study

### 3.10 Research Strategy – Case Study

A case study is one of several ways of doing research whether it is social science related or even socially related because its aim is to understand human beings in a social context by interpreting their actions as a single group, community or a single event: a case. Gillham (2000a, p.1) defines a case study as an investigation to answer specific research questions, which seek a range of different evidences from the case settings. Yin (2003) defines a case study as an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly defined. The case study approach is especially useful in situations where contextual conditions of the event being studied are critical and where the researcher has no control over the events as they unfold. Ritchie and Lewis (2003) see the primary defining features of a case study as being “multiplicity of perspectives which are rooted in a specific context”.

The case may also be a program, an event, or an activity bounded in time and place. According to McMillan and Schumacher (2001), a case study examines a —bounded system or a case over time in detail, employing multiple sources of data found in the setting. All the collected evidences are collated to arrive at the best possible responses to the research question(s). As a result the researcher may gain a sharpened understanding of why the instance happened as it did, and what might become important to look at more extensively in future research. Martens (1998, p.145) emphasises the single case study’s appeal in the fields of education and psychology, especially its effectiveness when used to test a “specific instructional strategy”.

Given the interpretive position adopted in this research and the nature of the research question, the case study methodology was considered the most appropriate approach to employ because it provides a systematic way to collect data, analyze information and report the results, thus understand a particular problem or situation in great depth.

Further, unlike many other forms of research, the case study does not utilize any particular methods of data collection or data analysis (Merriam, 1998, p. 28); therefore, a combination of data collection methods were selected in this study in anticipation of providing a more complete picture; thus it allowed for the adoption of both qualitative and quantitative data collection methods which presents a more coherent picture of a unique situation. The case study approach makes use of multiple methods of data collection such as interviews, document reviews, archival records, and direct and participant observations and subsequently ‘thick descriptions’ of the phenomena under study Yin, (2003). Such ‘thick descriptions’ give the researcher access to the subtleties of changing and multiple interpretations Walsham, (1995b). A descriptive statistical method was used to analyze the quantitative data from the student satisfaction survey.

While data collection can often be less structured in an exploratory study, this is not to say that there is no structure – instead, it is a matter of its extent. Generally, one area that requires less structure is that of focus groups. This can often be attributed to: (i) the difficulty in imposing structure on a group discussion; and (ii) the fact that “data emerges through interaction within the group” –a key feature of focus groups (Ritchie and Lewis, 2003). Theorists differentiate between unstructured and in-depth interviews within the realm of qualitative research. Nevertheless, while

unstructured or in-depth interviews often “involve a broad agenda” Ritchie and Lewis, (2003), they can be focused through questioning and management techniques.

Merriam (1998) identifies four essential characteristics of a case study: *particularistic, descriptive, heuristic and inductive*. Particularistic refers to one event, process or situation that is the focus of a study. Descriptive refers to the rich and extensive set of details relating to the phenomena. Each of these two is heuristic because they advance understanding of the phenomena, while inductive refers to the form of reasoning used to determine generalizations or concepts that emerge from the data.

Case studies do not claim to be representative, but the emphasis is on what can be learned from a single case Tellis, (1997). Case studies have value in advancing fundamental knowledge in the relevant knowledge domains. The underlying philosophy of single case study is “not to prove but to improve” Stufflebeam, Madaus, and Kellaghan, (2000, p. 283). Indeed, this study seeks to improve the integration of technology within the learning environment at University of Bolton through the development of a model, which might then be applicable other institutions operating under similar situations.

It has to be noted that research methodology and paradigm are independent though researchers to complement their researches can use them; thus, it has to be noted that “qualitative” methodology is not a synonym for the “interpretivist” philosophical stance adopted in this study. Qualitative research may or may not be interpretive, depending upon the underlying philosophical assumptions of the researcher. Qualitative research can be positivist, interpretive, or critical. It follows from this that the choice of a specific qualitative research method (such as a case study or action research) is independent of the underlying philosophical position adopted.

Case study research has been subject to criticism on the grounds of non- representativeness and a lack of statistical generalizability. Moreover, the richness and complexity of the data collected means that the data is often open to different interpretations, and potential ‘researcher bias’ Cornford and Smithson, (1996). Despite the lack of a detailed step-by-step data analysis of case study data Miles and Huberman, (1994), and the problem of not being able to provide generalizability in a statistical sense, Denzin and Lincoln (2000) argue that case studies can be generalized, arguing that “looking at multiple actors in multiple settings enhances generalizability” (p. 193). Similarly, Yin (2003) argues that case studies are used for analytical generalizations, where the researcher’s aim is to generalize a particular set of results to some broader theoretical propositions. These for and against views indicate that no research methodology is perfect, and therefore, researchers have to use data obtained with multiple methodologies.

Given the interpretive stance adopted in this research and the nature of the research question, the Researcher believes that the case study approach is the most appropriate research strategy for this study because of its advantages in revealing in detail the unique perceptions and concerns of individual participants in a real-world situation which would have been lost in quantitative or experimental strategies. The case study design is particularly well suited to situations where it is very difficult to separate a phenomenon’s variables from its context Yin, (2003).

### 3.11 Data Collection

Data Collection is the process of systematically gathering facts, statistics, and records that represents the opinion and experience of participants or other stakeholders to the research processes. Roger S (2006) define data collection as the process of gathering and measuring information on targeted variables in an established systematic fashion, which then enables one to answer relevant questions and evaluate outcomes. Since this research focuses on public health delivery the primary data sources included procurement practitioners, members of Internal Procurement Committee, District Health Officers, Hospital Administrators, Head of User Departments or Stores Department and the Stakeholders all in the health sector. The main data collection techniques used in this research study will be literature reviews, interviews, questionnaires, participant observation, focus group, and observation.

Since this research thesis is an empirical enquiry that intends to investigate a particular phenomenon, which is the - “Impact of public procurement reform on public health services delivery” an intensive analysis of an individual unit such as public health services its operational structure and infrastructure project will inevitably call for a Case Study. Case Study will therefore set a systematic plan of action that will give direction to the effort of answering the research questions as indicated in the *diagram*. Literature review has in many cases converged on the fact that public procurement is the government reliable unique process for delivering public goods, works and services therefore descriptive studies will be a forerunner to this approach. Data collection technique to be employed in this case study will encompass structured and semi-structured interviews, focus group, observation, documentary analysis and questionnaire. Consequently, triangulation will at a certain point take effect where qualitative data collected could be considered a valuable way of triangulating quantitative data.

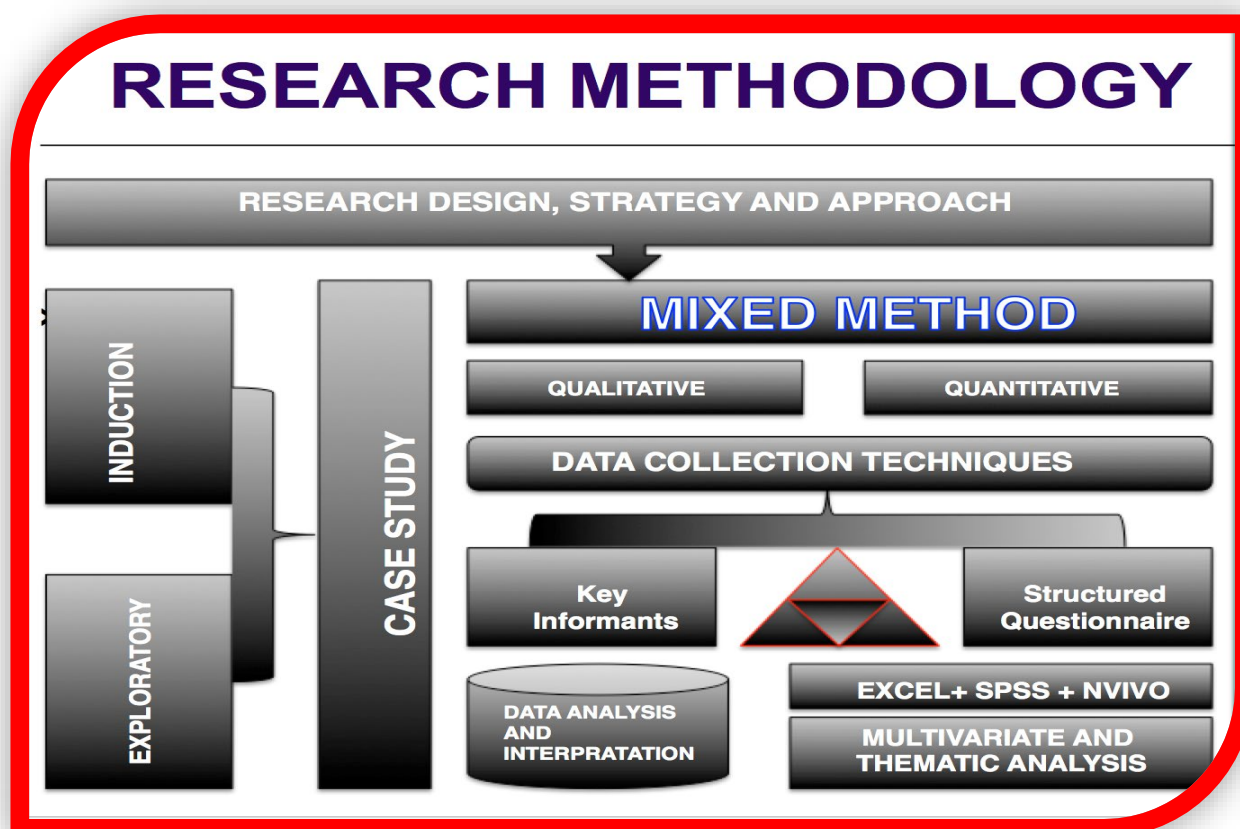


Figure 9: Research Design and Data Collection Framework

#### Notes:

Mixed Method Research is a methodology for conducting research that involves collecting, analysing and integrating quantitative and qualitative research. According to Patrick Biddix [(July 2009) Online] stated that the field of mixed method has only been widely used in the last decade, though researchers have long been using multiple methods, however they have not been calling them mixed. Mixed method takes advantage of using multiple ways to explore a research problem.

The commonly accepted difference between Multiple and Mixed Research method is that Multiple method tends to fall within the same paradigmatic influence while Mixed method employ research strategies from different paradigmatic influences where the goal is just not convergence or comparison of data but; *corroboration* – through convergence of finds, *elaboration* – by providing richness and detail and *initiation* by providing new interpretation and suggesting areas of further exploration through recasting the research question. Koyel [(May 2016) Online]. For this reason, this research study has purposely chosen Mixed Method for data collection. The choice further recognizes that mixed method offers concurrent triangulation where two or more methods used to confirm, cross-validate, or corroborate findings within the study. Data collection is concurrent. Generally, the purpose is to ensure that both methods are used to overcome the weakness in using one method within the strength of another.

Multivariate Data Analysis refers to any statistical technique used to analyse data that arises from more than one variable. This essentially models reality where each situation, product or decision

involves more than a single variable. Multivariate analysis method is typically used for among other things process optimization and process control and research and development. This thesis will use Multivariate to tap on its potential to analyse relationship between public procurement operation condition and the quality of thereafter output, particularly on delivery of public health services.

Thematic Analysis is a qualitative analytic method for identifying, analyzing and reporting patterns (themes) within data. It minimally organizes and describes data set in rich detail. However, frequently it goes further than this, and interprets various aspects of the research topic. Braun and Clarke, 2006, p.79. Thematic analysis is one of the most common forms of analysis in qualitative research. It emphasizes pinpointing, examining, and recording patterns (or "themes") within data. Themes are patterns across data sets that are important to the description of a phenomenon and are associated to a specific research question. Public Procurement is equally divided into various thematic areas in its operation to deliver economic value of public resource. It is from this aspect that thematic analysis will be a vital tool in the assessment of impact of public procurement in the delivery of health services the case of Malawi.

### 3.11.1 Interviews

Interviews are methods of gathering information through oral quiz using a set of pre- planned core questions. According to Shneiderman and Plaisant, (2005), interviews can be very productive since they have ability to pursue specific issues of concern that may lead to focussed and constructive suggestions. Genise, (2002); outlined the main advantages of interview method of data collection to include but not limited to the following:

- a) Direct contact with the users often leads to specific, constructive suggestions;
- b) They are good at obtaining detailed information;
- c) Few participants are needed to gather rich and detailed data.

Depending on the need and design, interviews can be unstructured, structured, and semi-structured with individuals, or may be focus-group interviews.

#### Unstructured Interviews

The unstructured type of interviews allows the interviewer to pose some open-ended questions and the interviewee to express his/her own opinion freely. This requires both the interviewer and the interviewee to be at ease because it is like a discussion or brainstorming on the given topic. Both the interviewee and interviewer, not predetermined, determine the direction of the interview. According to Preece et al (2002) it makes it difficult to standardise the interview across different interviewees, since each interview takes on its own format. However, it is possible to generate rich data, information and ideas in such conversations because the level of questioning can be varied to suit the context and that the interviewer can quiz the interviewee more deeply on specific issues as they arise; but it can be very time- consuming and difficult to analyse the data.

#### Structured interviews

In structured interviews, the interviewer uses a set of predetermined questions which are short and clearly worded; in most cases, these questions are closed and therefore, require precise answers in the form of a set of options read out or presented on thesis. This type of interviewing is easy to conduct, and can be easily standardized as the same questions are asked to all participants.



According to Preece, Rogers, and Sharp (2002), structured interviews are most appropriate when the goals of the study are clearly understood and specific questions can be identified.

### **Semi-structured interviews**

This method of interview has features of both structured and unstructured interviews and therefore use both closed and open questions. As a result, it has the advantage of both methods of interview. In order to be consistent with all participants, the interviewer has a set of pre-planned core questions for guidance such that the same areas are covered with each interviewee. As the interview progresses, the interviewee is given opportunity to elaborate or provide more relevant information if he/she opts to do so. This study interviewed every participant in using a semi-structured interview approach to appraise the pedagogical design of the Model.

### **3.11.2 Questionnaires**

Questionnaire is another method of data collection for research purposes. It has the advantage of taking itself to a wider audience compared to interviews, but has a disadvantage of not being possible to customize to individuals, as it is possible with other methods of data collection. Another challenge is that return rate may not be guaranteed. This study intends to use three types questionnaires as listed below:

- Structured Questionnaire
- Unstructured Questionnaire
- Mixed Questionnaire – that is open and close ended questionnaires

### **3.11.3 Naturalistic Observation**

Naturalistic observation (i.e., unstructured observation) involves studying the spontaneous behavior of participants in natural surroundings. The researcher simply records what they see in whatever way they can. McLeod (2015). Compared with controlled/structured methods it is like the difference between studying wild animals in a zoo and studying them in their natural habitat.

### **Strengths**

By being able to observe the flow of behavior in its own setting studies have greater ecological validity. Like case studies naturalistic observation is often used to generate new ideas. Because it gives the researcher the opportunity to study the total situation it often suggests avenues of enquiry not thought of before.

### **Limitations**

These observations are often conducted on a micro (small) scale and may lack a representative sample (biased in relation to age, gender, social class or ethnicity). This may result in the findings lacking the ability to be generalized to wider society. Natural observations are less reliable as other variables cannot be controlled. This makes it difficult for another researcher to repeat the study in exactly the same way. A further disadvantage is that the researcher needs to be trained to be able to recognize aspects of a situation that are psychologically significant and worth further attention. With observations we do not have manipulations of variables (or control over extraneous variables) which means cause and effect relationships cannot be established.

### 3.11.4 Documentary Analysis

Documentary Analysis is a form of qualitative research in which documents are interpreted by the researcher to give voice and meaning around an assessment topic. Analyzing documents incorporates coding content into themes similar to how focus group or interview transcripts are analyzed. Documentary analysis is a social research method and is an important research tool in its own right and is an invaluable part of most schemes of triangulation. It refers to the various procedures involved in analysing and interpreting data generated from the examination of documents and records relevant to a particular study. In other words, documentary work involves reading lots of written material (it helps to scan the documents onto a computer and use a qualitative analysis package). A document is something that we can read and which relates to some aspect of the social world. Official documents are intended to be read as objective statements of fact but they are themselves socially produced

Use of documentary analysis has become quite popular within public health research, especially if one is trying to evaluate the impact of an initiative such as Public Procurement in this thesis. This is exactly the case with this research study whose central theme is to assess the impact of procurement reform on public health services provision. Documentary analysis can then be supported with follow up interviews or surveys of the parties involved in the implementation of the intervention. Sources of Documents may include but not limited to the following:

- ✚ Public records such as National Audit Reports – Public Institutions.
- ✚ The media
- ✚ Private thesis and Conference Papers
- ✚ Biography
- ✚ Visual documents
- ✚ Strategic Plans and Policies Documents of Public Institutions.

### 3.11.5 Data Collection and Analysis

Interpretive researchers attempt to derive their data through direct interaction with the phenomenon being studied. An important aspect of data analysis in qualitative case study is the search for meaning through direct interpretation of what is observed by the chosen sample as well as what is experienced and reported by the subjects themselves.

Bogdan and Biklen (2003) define qualitative data analysis as “working with the data, organizing them, breaking them into manageable units, coding them, synthesizing them, and searching for patterns”. The aim of analysis of qualitative data is to discover patterns, concepts, themes and meanings. In case study research, Yin (2003) discusses the need for searching the data for “patterns” which may explain or identify causal links in the database. In the process, the researcher concentrates on the whole data first, then attempts to take it apart and re-constructs it again more meaningfully. Categorization helps the researcher to make comparisons and contrasts between patterns, to reflect on certain patterns and complex threads of the data deeply and make sense of them.

The process of data analysis begins with the categorization and organization of data in search of patterns, critical themes and meanings that emerge from the data. A process sometimes referred to as “open coding” (Strauss and Corbin, 1990) is commonly employed whereby the researcher identifies and tentatively names the conceptual categories into which the phenomena observed

would be grouped. The goal is to create descriptive, multi-dimensional categories that provide a preliminary framework for analysis. These emerging categories are of paramount importance, as qualitative researchers tend to use inductive analysis.

In a case study like this one, the data collection and analysis can also go hand in hand in an iterative manner in that the results of the analysis will help guide the subsequent collection of data. Data collection and analysis inform or drive each other, with the result that the analysis becomes a higher-level synthesis of the information. The iterative cycle is repeated and course design and development checked and revised as the process continues.

In this study, the interviews, both individual and focus group were recorded and transcribed. A couple of open-ended questions were posed to which learners were required to respond in writing. In these processes useful information that may be closely linked to their experiences can emerge. The individual responses were analyzed, compared and categorized with the results of transcription of the focus group interview, and subsequently triangulated and interpreted to draw conclusions.

### 3.11.6 Sample Frame

Sampling Frame is a list of all members of a population used as a basis for sampling or a list of all the items in researcher's population. It's a complete list of everyone or everything a researcher want to study. The sampling frame of this research project will assume all public hospitals in Malawi because the main focus is public health service delivery, which represents 60% of the entire national healthcare services. Understandably, the population size is huge and may not be ideal to entirely cover it all. In order to technically select the representative sample, the population will be stratified into four strata, which is North, Central, Southern and Eastern regions of Malawi. Then **Purposive Sampling** technique was deployed in the regional hierarchical structure that targeted Referral Hospitals and Central medical Stores as epicentres of public health services deliveries.

Purposive sampling also known as judgment, selective or subjective sampling is a sampling technique in which researcher relies on his or her own judgment when choosing members of population to participate in the study. Purposive sampling is a non-probability sampling method and it occurs when "elements selected for the sample are chosen by the judgment of the researcher. Researchers often believe that they can obtain a representative sample by using a sound judgment, which will result in saving time and money. The main advantages of Purposive sampling is that it is one of the most cost and time-effective sampling methods available and is also the only appropriate method available if there are only limited number of primary data sources who can contribute to the study. This sampling technique can be effective in exploring anthropological situations where the discovery of meaning can benefit from an intuitive approach

## RESEARCH SAMPLING CONCEPT

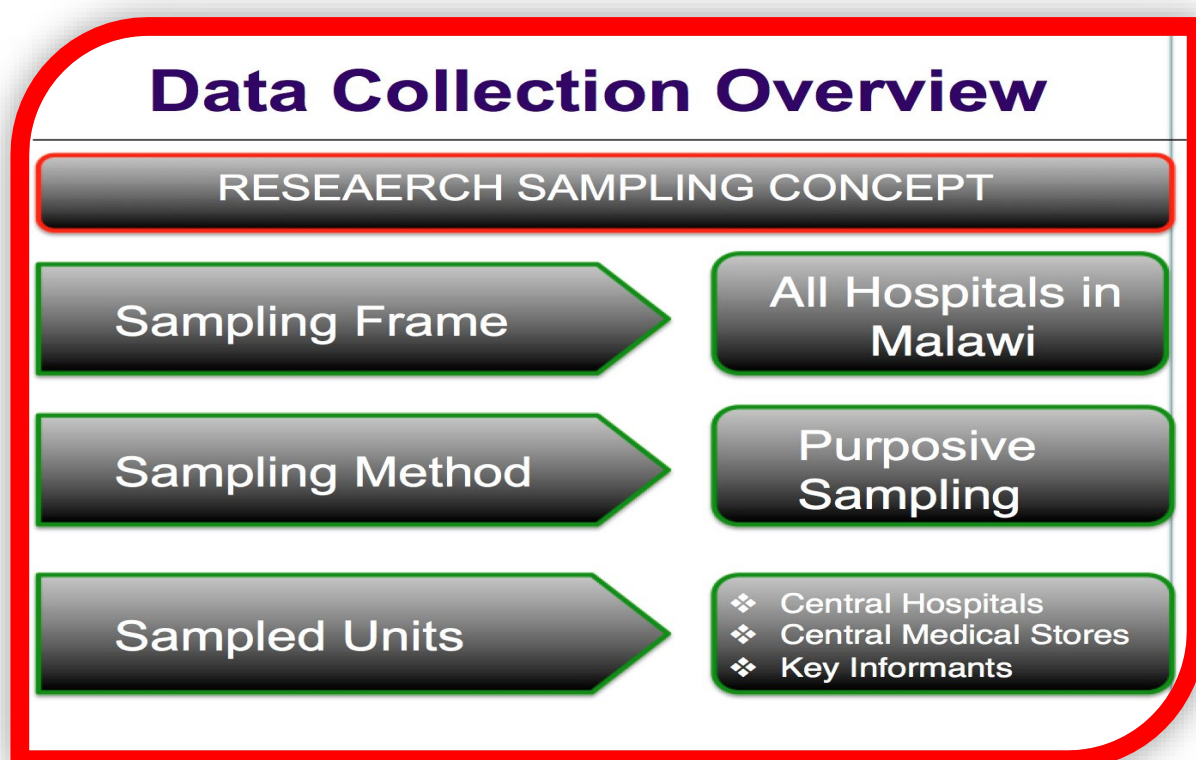


Figure 10: Sampling Frame Concept: Source Data Collection Road Map

## ACTUAL DATA COLLECTION PLAN

SUMMARY OF DATA COLLECTION POINTS FOR EACH CATEGORY - MALAWI PUBLIC HEALTH										
Northern Region			Central Region			Southern Region			Eastern Region	
		Expected Number of Respondents			Expected Number of Respondents			Expected Number of Respondents		Expected Number of Respondents
Referral Hospital	Mzuzu Central Hospital	20	Referral Hospital	Kamuzu Central Hospital	20	Referral Hospital	Queen Elizabeth Central Hospital	20	Referral Hospital	Zomba Central Hospital
Totals		20			20			20		20
Key Stakeholders					Number of respondents	Key Informants Cont'd				
Central Medical Stores - Government Drug Store.					20	Ministry of Health - Chief Procurement Officer				
Key Informants						Central Government Stores - Controller of Stores				
Mzuzu University - Chief Procurement Officer					1					
Procurement Authority - Former Director General					1					
Totals					22					2

Figure 11: Sample Frame Summary of Data Collection Points

### 3.12 Research Ethics

Walton, (2004) explained that research, which involves human subjects or participants, raises unique and complex ethical, legal, social and political issues. Research ethics is specifically interested in the analysis of ethical issues that are raised when people are involved as participants in research. There are three objectives in research ethics. The first and broadest objective is to protect human participants. The second objective is to ensure that research is conducted in a way that serves interests of individuals, groups and/or society as a whole. Finally, the third objective is to examine specific research activities and projects for their ethical soundness, looking at issues such as the management of risk, protection of confidentiality and the process of informed consent.

#### 3.12.1 Research Ethical Issues

Research Ethics may be defined as those ethical parameters that may encompass premises of planning, conduct, and reporting of research findings. Following this definition, it is clear that research ethics should include: seeking informed consent, confidentiality and general protections of human rights if the research study involves people. According to Nancy Walton (2007) the first and broadest objective of research ethics is to protect human participants. In research project of this nature, ethical issues are one of the main concerns more especially when administering data collection instruments.

Confidentiality must be guaranteed. Respondents should not be harmed or damaged in any way by the research in the course of responding to interviews or any other instrument. It is also important that interviews are not used as a devious means of selling something to the respondents; Gray, [(2004) p. 235]. If respondents are uneasy and become upset in administering any data collection method, the particular interview or questionnaire can be cancelled or postponed. This should be followed up with a detailed discussion with respondent and make them understand the intent, content and context of the research, ensure that the purported impediments that might have been seen to have caused the misunderstanding have been cleared.

Patton, [(2000), p. 404-5] and Gray, [(2004) p. 235] suggest some of the critical issues on ethical solutions. Explain purpose; explain the purpose of the inquiry to the respondent. Promises and reciprocity; state what the respondent will gain. Risk assessment; Consider in what ways might the interview put the respondent at risk in terms of stress, legal liabilities, ostracism or political repercussion. Confidentiality should reflect on the extent to which promises of confidentiality can be met.

Confidentiality means you know but will not tell. Anonymity means you do not know, as in a survey returned anonymously. When an interview has been completed and is considered a good interview, the respondents ought to know more about themselves and their situation. However, the researcher must remember that the purpose of research is to collect data and not to change the respondents or their opinions. Gray's suggestion will be strictly observed in this research data collect to ensure the respondent is protected.

### 3.13 Research Work Plan

In tandem with University of Bolton PhD program this research thesis has tailored the entire research project along the same as depicted in the table below. It is highly anticipated that the later part of first year and early part of second year the research project will concentrate on the literature review and thesis, which intends to inform the first three chapter of the main thesis. Following the successful presentation, the subsequent review and its feedback, the conference thesis will be reworked to reflect and take into account every aspect of the feed back from the panel. The final thesis will be set aside as reference material to the main research program.

As indicated above the research thesis is an empirical enquiry that intends to investigate a particular phenomenon, which is the – “Impact of public procurement reform on public services delivery” an intensive analysis of an individual unit such as public health services and its infrastructure project will inevitably call for a Case Study. It is clear from the on set that public health facilities in many countries are geographically spread through the country as such to realize a representative sample may not be easy. This will call for a lot travelling across the country; therefore higher percentage of the overall research cost may be spent on transport in process of administering the questionnaire and conducting focus group interviews countrywide.

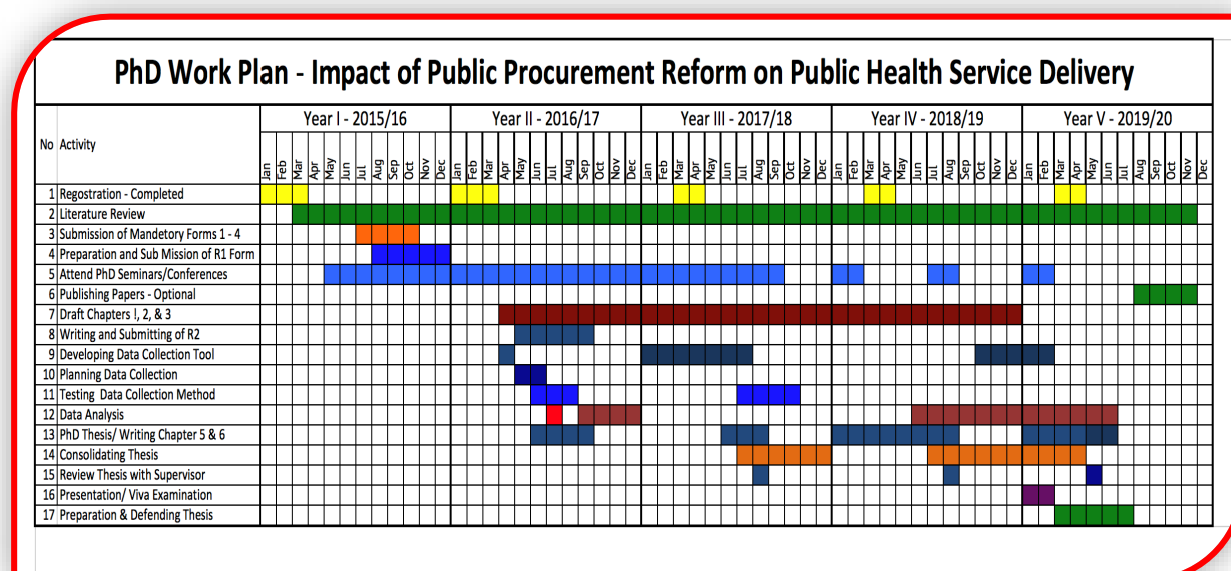


Figure 12: PhD Work Plan 2015/20



## CHAPTER 4

### 4.0 RESEARCH FINDINGS,

#### 4.1 Introduction

The purpose of this research thesis was to assess the impact of the Public Procurement *Reform* on the delivery of public services with focus on Public Health Delivery in Malawi. In modern days, it is collectively conceived that the government has become central source of delivering social needs of its population. Horsman, (1995) stated that the role of the state has gone through fundamental changes beyond the thinking of the bordered state, in which the main function of the State was merely to defend itself from external aggression. The modern state, and particularly those in developing world, is expected to meet innumerable or a myriad of social challenges to satisfy the aspirations of its people.

It is now very common probably not only in Malawi where the citizenry bitterly complain about public service delivery as provided by the government. From immediate past to date many government service outlets have come under heavy critical scrutiny measuring their output performance against civil expectation. This simple social contract engagement evaluations between the public and government service department is constantly revealing a myriad of shortfalls in the public service delivery contrary to general public expectation on one hand while on the other appears to sharply contradict government rhetoric on planned public policies interventions aimed at improving efficiency and effectiveness on the same.

Social contract evaluation hypothesis and its subsequent conclusions have posted negative perception about public service deliveries. Public institutions have generally been perceived as underperforming whose deliveries is of without quality. The government on the other hand has posed to have taken heed of the concerns and initiated several reforms and issued proportionally a good number of **Public Policy Interventions** to correct the so called suboptimal public services delivery. The Republic of Malawi since independence has had **79 Reform Projects** carried in public institutions aimed at improving public service delivery. One of the reforms within this spectrum is the Public Procurement Reform whose objectives among others were to maximise economy and efficiency in public procurement and disposal of public assets.

Since the inception of public procurement reform with resultant enactment of public procurement law, public procurement scandals have widely infested both electronic and press media together posting negative publications on public institution procurement capabilities. Public health service system has not been exempted of these elements hence the candidate of this impact assessment research. As the titles of the research states “Impact of Public Procurement Reform on Delivery of Public Health Services the Case of Malawi. This chapter is the presentation of research findings from the data collected, its subsequent analysis and interpretation of results in striving to assess the impact of the reform. The data were collected and then processed using Thematic Analysis (TA), Statistical Package for the Social Science (SPSS) and Microsoft Excel in response to the problem statement posed in *Chapter 1* of this research study.

Seven fundamental factors that drove the collection of data and the subsequent data analysis were a base on the list below:

- ✚ Overall Impact of the Reform on Public Health Services Delivery the case Malawi
- ✚ Whether there is relationship between the reform and public health service delivery.
- ✚ Whether the Reform is a determinant factor of efficiency in public health service deliver.
- ✚ Whether reformed Public Procurement System has improved economy on delivery of Public Health Services predominantly in medical supplies chain of public hospitals.
- ✚ Whether the reform has shortened the lead-time of medical supplies in the public health facilities.
- ✚ Whether the reform is a deterrent factor of political influence in public procurement related business.
- ✚ Whether absence of the stores management framework is of significant importance in the delivery of Public Health Services.

In the same vain the study desired to find out whether public revelations on procurement scandals were as a result of the reform illuminating the procurement process that no miss-procurement could go unnoticed and the role of the reform in Stores/Inventory Management Function to check against the most haunting daily outcry of drug shortage and stock out in public hospitals.

These driving factors in attempting to answer the research questions were accomplished and the resultant findings presented here demonstrate the level of impact of Reformed Procurement System of (PPA 2003/PPDA 2017) on public healthcare in Malawi with focus on availability of medical supplies in government hospitals, which is more than 50% of the entire Malawi healthcare system.

## 4.2 Route to Data Collection

Data collection was meant to start immediately after proposal defence nevertheless, this was not the case as collecting data from government facilitates in Malawi has its own protocols that need an approval from National Commission for Science and Technology (NCST) through its committee called National Committee on Research in the Social Science and Humanities. The Research Proposal, contained background, conceptual framework, data collection methods and a designed Consent Form were submitted for this purpose. The proposal and the pack successfully passed the test whose approval was granted on protocol reference number No. P.02/18/2512 dated 05<sup>th</sup> JULY 2018.

Following the approval, the government granted the researcher (*Principle Investigator*) the access to all central referral public hospitals to administer data collection instruments as indicated in the **Figure: 16** below.

### 4.3 Target Population

**Structured Questionnaire:** The target population for structured questionnaire was 110 participants drawn across the country's referral hospitals located in four political regions of the Republic of Malawi as indicated in the geographic map below. Each focal case study centre was divided into three participant categories:

- ✚ Procurement Practitioners – This is a group of primary users of the Reformed Public Procurement. Most of which are procurement officers with different ranks in the supply chain of referral health facility organization hierarchy.
- ✚ Internal Procurement and Disposal of Public Assets Committee (IPDC): This a group of senior officers usually appointed by the Controlling Officer who is the head of the institution as required by the law. The selection of this team is always among the senior managers.
- ✚ Senior Management: This is a group of individuals that play a role in procurement process at the hospital and have either served in IPDC or have high probability to be selected into IPDC.

#### Targeted Population Table

IMPACT OF PUBLIC PROCUREMENT REFORM ON PUBLIC HEALTH SERVICE DELIVERY: CASE OF MALAWI			
INSTRUMENT ADMINISTERED		STRUCTURED QUESTIONNAIRE WITH COMMENTS AND ANY OTHER RELEVANT INFORMATION	
REGION	CASE STUDY FOCAL POINT	PARTICIPANT GROUP 1 PROCUREMENT PRACTITIONERS	PARTICIPANT GROUP 2 MEMBERS OF PROCUREMENT COMMITTEE & SENIOR MANAGEMENT
NORTHERN	MZUZU CENTRAL HOSPITAL	10	10
CENTRAL	KAMUZU CENTRAL HOSPITAL	10	10
	GOVERNMENT CENTRAL MEDICAL STORES	15	15
SOUTHERN	ZAMBA CENTRAL HOSPITAL	10	10
	QUEEN ELIZABETH CENTRAL HOSPITAL	10	10
NUMBER OF TARGETED PARTICIPANTS		55	55
			110

Figure 13: Research Participants - Structured Questionnaire

**Unstructured Questionnaire:** The target population in this category was a group of veteran procurement professionals who have deeper understanding in the evolution of public procurement reform in Malawi. The individuals have lived in the era before and after reform. Their immense understanding was meant to help assess the impact of the reform bring about the basis of baseline data. These people were drawn from across offices of influence in the reform and public procurement system.

IMPACT OF PUBLIC PROCUREMENT REFORM ON PUBLIC HEALTH SERVICE DELIVERY: CASE OF MALAWI			
KEY INFORMANTS	ORGANIZATION	DESIGNATION	NUMBER OF PARTICIPANTS
	UNIVERSITY OF MZUZU	CHIEF PROCUREMENT OFFICER	1
	CENTRAL GOVERNMENT STORES	CONTROLLER OF STORES	1
	PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY	FORMER DIRECTOR GENERAL	1
	MINISTRY OF HEALTH	CHIEF PROCUREMENT OFFICER	1
TOTAL NUMBER OF TARGETED PARTICIPANTS			4

Figure 14: Research Participants - Unstructured Questionnaire

Both the Structured and Unstructured target groups were drawn from across the country and purposefully selected to cover all regions of Malawi. Malawi operates a three tier Public Health Delivery System. Below is the geographic spread of Research Areas and the Resource Key Informants

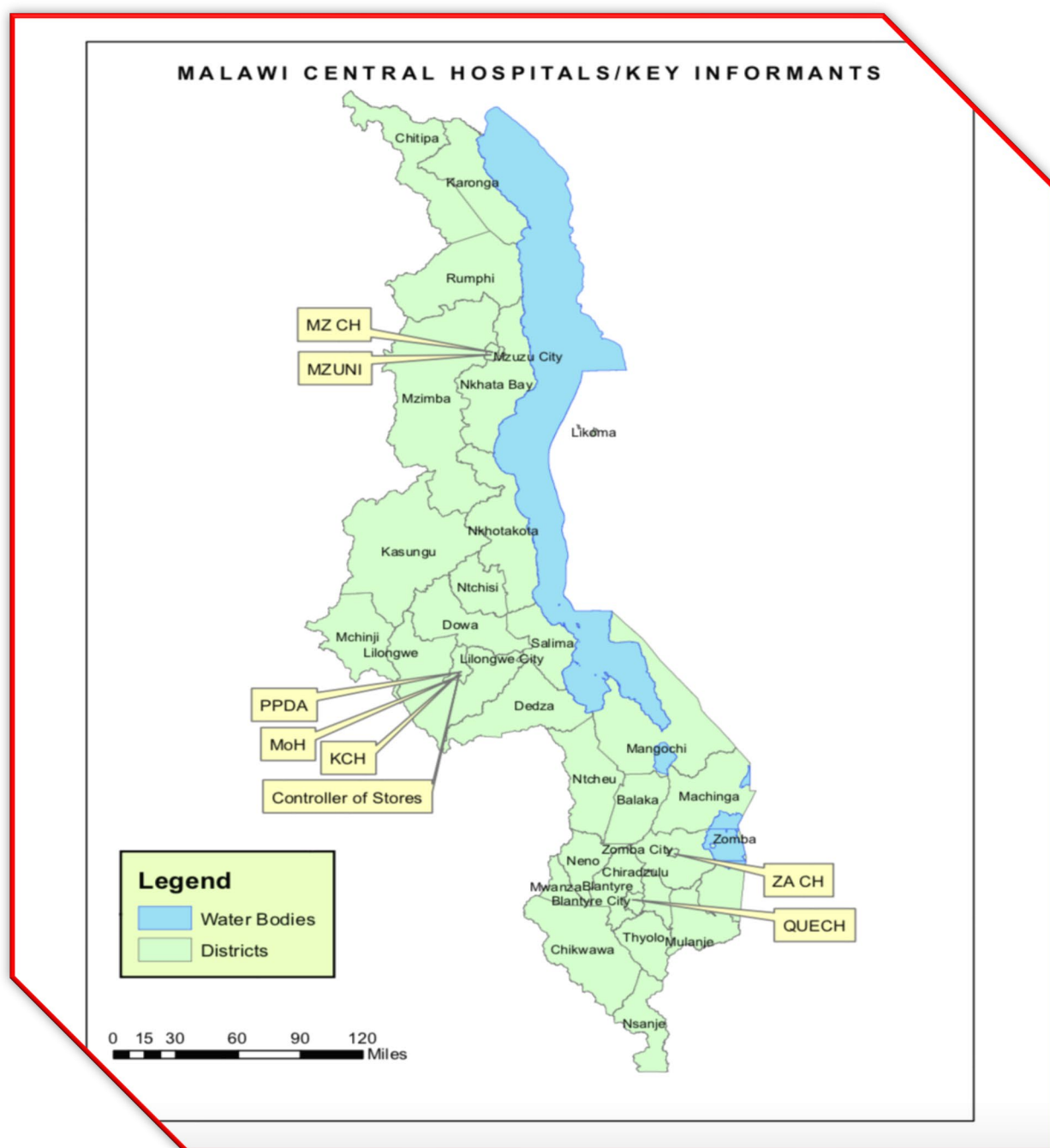


Figure 15: Research Sites of Study

**Key:**

No.	ACRONYM	FULL NAME OF THE CENTRAL HOSPITAL
1	QECH	Queen Elizabeth Central Hospital
2	ZACH	Zomba Central Hospital
3	KCH	Kamuzu Central Hospital
4	MZCH	Mzuzu Central Hospital

### 4.3 Research Finding - Qualitative Data

#### 4.3.1 Introduction

Public Procurement is a major concern in developed and developing countries because of the sheer magnitude of public funds that go through its processes. Most governments in Africa particularly the sub-Saharan have annually reported that well over 70% of the (ORT) budget is procurement (PPDA Reports 2017/18). In this qualitative aspect of data collection the author decided to include the views and understanding of key informants to facilitate strategy that has better efficacy. You may recall that the objective of this study is to assess the impact public procurement on delivery of health services. Participants – the key informants were carefully selected; drawn from government institutions that are critical to the reform and its subsequent implementation. *See Figure 2: A thematic analysis* (Braun & Clarke, 2006) identified overarching themes evident across all key informants suggesting key concepts that impact delivery of public health service delivery with focus on the role of public procurement.

All qualitative data collected in this research study was analysed using *Thematic Analysis Model*. Thematic analysis from the model was seen to be a process of identifying patterns or themes within qualitative data. Braun & Clarke (2006) suggest that thematic analysis provides core skills that may be useful for conducting many kinds of analysis of qualitative data. A further advantage is that thematic analysis is a method rather than a methodology (Braun & Clarke (2006); This means that, unlike many qualitative methodologies, it is not tied to a particular epistemological or theoretical perspective. This makes it a very flexible method, a considerable advantage given the diversity of work in qualitative research. The author considered the model as a perfect fit for purposes of assessing the impact of Public Procurement Reform on public Health Services Delivery in the wake of this widespread lack of baseline data. Key Informants with immerse historical knowledge in this particular case provided an awesome qualitative data coverage that was useful for this impact assessment exercise.

The ultimate goal of a thematic analysis is to identify themes and patterns in the data that are important or interesting, and use these themes to address the research questions. The analysis is much more than simply summarising data; thematic analysis interprets and makes sense of it. Braun & Clarke (2006) distinguishes between two levels of themes: *semantic and latent*. *Semantic* themes are those within the realms of explicit, unambiguous or surface meanings of the data and the analyst is not looking for anything beyond what a participant has said or what has been written; in contrast, the *latent* level looks beyond what has been said and begins to identify or examine the underlying ideas, assumptions, and conceptualisations and ideologies that are theorised as shaping or informing the semantic content of the data. This is the every reason why thematic analysis has been considered as the choicest method of analysing qualitative data in this research.

Thematic Analysis Model by Braun and Clarke is arguably the most influential approach, in the social sciences, probably because it offers such a clear and usable framework for doing thematic



analysis. Thematic analysis is repetitive tedious exercise for qualitative data examination in order to derive meaning from what the respondents have expressed.

### 4.3.2 Thematic Analysis Approach

In order to address the gaps in current literature particularly the impact of the reform on public service delivery the author decided that this research thesis should focus on identifying themes within the participants understanding of the impact of the Public Procurement Reform on public services delivery. This was meant to provide the researcher with scope for further investigation of the subject in question. It was therefore decided that the most appropriate method of analysis would be a *thematic analysis*. However, the model did not survive criticisms, Attride-Stirling, 2001 pointed out that thematic analysis lacks clear guidelines for researchers to employ for purposes of consistence. This has subsequently contributed to some researchers omitting “how” they actually analysed their results. It was of utmost importance to the authors in this current study to employ a clear, replicable, and transparent methodology.

Braun and Clarke (2006) outline a series of phases through which researchers must pass in order to produce a thematic analysis. This procedure allows a clear demarcation of thematic analysis, providing researchers with a well-defined explanation of what it is and how it is carried out whilst maintaining the “flexibility” tied to its epistemological position. The author in this thesis takes a position that acknowledges our desire to incorporate the individual experiences of the participants and the meanings they attach to them. However, we also wish to consider the impact of the wider social context on these meanings. Braun and Clarke describe such a position as “contextualist,” sitting firmly between essentialism or realism and constructionism. Not all theorists describe these two poles of epistemological outlook in the same way; Madill et al. (200) refers to them as “naive realist” and “radical relativist.” Methodologies that go hand in hand with this mid-ground position are typically phenomenological in nature, but the flexibility of thematic analysis means that it can also be underpinned by an “in-between” epistemological position.

Willig, (2008) summarizes this by explaining a position that argues “while experience is always the product of interpretation and, therefore, constructed and flexible, nevertheless it is real to the person who is having the experience.” The researcher wishes to consider the reality of public procurement reform to these key informants, through an exploration of their experiences and the meanings they attach to the reform, whilst incorporating the broader role public and professional cadre plays in contributing to and shaping the key informants meaning construction and subsequent understandings.

### 4.3.3 Participants

Four senior long serving government officials and veteran procurement professionals were carefully selected from the Malawi procurement cadre to be key informants in the research study. Acceptance of these officials to participate in the research did not pose any challenge because of their own vested interest to see how the reform has performed through evidence-based research. Public Procurement originally suffered public ridicule and has for as long time being regarded as an area of waste, breeding cave of corruption and a source of inefficiency in as far as public services delivery is concerned. The hope and essence of reform was to bring basic principles of transparency, accountability, economy and the most needed efficiency in the public procurement regime of Malawi.

#### 4.3.4 Procedure

Despite the wide interest and voluntary willingness by the procurement professional cadre to participate in the research the author had a duty of care to protect the participants. A research proposal that contained target population and list of sites for investigation was submitted to National Commission for Science and Technology (NCST) through its committee called National Committee on Research in the Social Science and Humanities (NCSTSH). The Research Proposal, contained background, conceptual framework, data collection methods and the designed Consent Form were submitted for ethical approval purposes. The proposal and the pack successfully passed the test whose approval was granted by the government on protocol reference number No. P.02/18/2512 dated 05<sup>th</sup> JULY 2018. This approval covered to both qualitative and quantitative data collection of this research.

In line with the consent form issued to participants, the author engaged each key informant separately with a conscience background, objectives of the research, outline of activities and the intended purpose of the interview. The idea of face-to-face engagement prior to the interview was to assess the freedom of the participants and allow to resolve any reservation perceived to have not been fully covered in the consent form. Luckily all the four key informants unreservedly advanced their consent to participate in the in-research project. All the key informants interviews were electronically recorded to ensure essence of first-hand information is preserved. Each session was planned to last between 20 and 30 min, ending when the participant's input was deemed insufficient to continue. At the end of each session the researcher read out the participant debrief and provided each participant with a debrief summarized information to confirm on main points. The recordings were transcribed ready for data analysis.

#### 4.3.5 Data Analysis

The principal investigator, transcribed the data collected from all the four key informants during this process the initial thoughts and ideas were noted down as this is considered an essential stage in analysis Riessman, (1993). The transcribed data was then read and re-read several times and, in addition, the recordings were listened to several times to ensure the accuracy of the transcription. This process of “repeated reading” Braun & Clarke,(2006) and the use of the recordings to listen to the data, results in data immersion and refers to the researcher's closeness with the data.

The ***coding phase*** followed on from this initial stage and building on the notes and ideas generated through transcription and data immersion. These codes identified features of the data that the researcher considered pertinent to the research question. Furthermore, as is intrinsic to the method, the whole data set was given equal attention so that full consideration could be given to repeated patterns within the data. The third stage involved searching for themes; these explained larger sections of the data by combining different codes that may have been very similar or may have been considered the same aspect within the data. All initial codes relevant to the research question were incorporated into a theme. Braun and Clarke (2006) also suggest the development of thematic maps to aid the generation of themes. These helped the researchers to visualize and consider the links and relationships between themes.

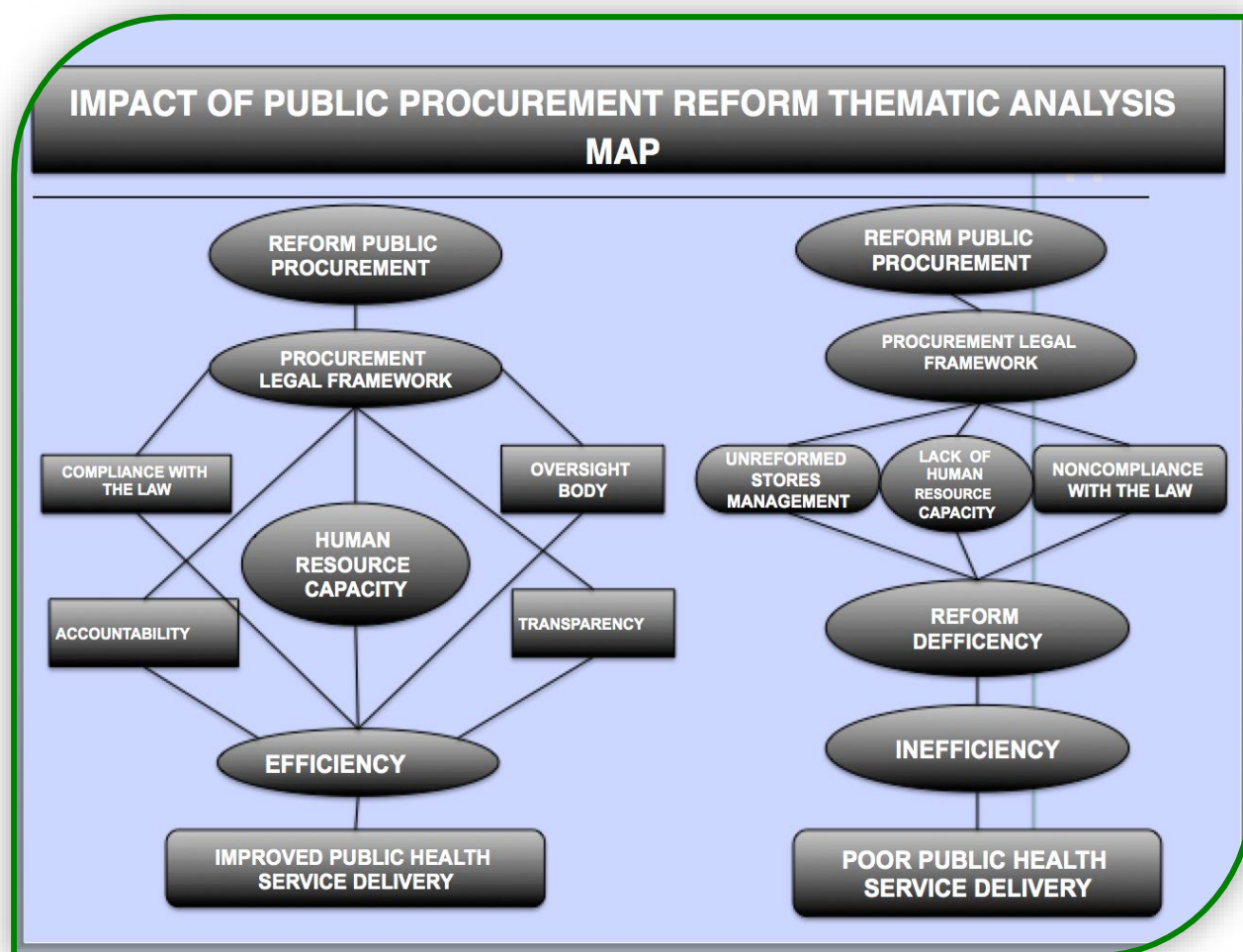


Figure 16: Thematic Analysis Map

At this point themes that did not have enough data to support them or were too diverse were discarded. This refinement of the themes were in two levels, primarily with the coded data ensuring they formed a coherent pattern, secondly once a coherent pattern was formed the themes were considered in relation to the data set as a whole. This ensured the themes accurately reflected what was evident in the data set as a whole Braun & Clarke, (2006). Further coding was also done at this stage to ensure no codes had been missed in the earlier stages. Once a clear idea of the various themes and how they fitted together emerged, analysis moved to phase five. This involved defining and naming the themes, each theme needed to be clearly defined and accompanied by a detailed analysis. Considerations were made not only of the account told within individual themes but how these related to the overall account that was evident within the data. In addition, it was highly important to develop short but succinct names that conveyed an immediate indication of the essence of the theme. The final stage or the report production involved choosing examples of transcript to illustrate elements of the themes. These extracts clearly identified issues within the theme and presented a lucid example of the point being made.

### 4.3.6 Results Discussion

The thematic analysis process that was applied to the transcripts produced key concepts that were evident in the data. These themes are viewed as essential in determining the understanding of all key informants of the impact of public procurement reform on delivery of public health service in Malawi. These concept categories were primarily divided into two parallel streams of the assessed output called **EFFICIENCY** and **INEFFICIENCY**. Each stream was further labeled as

1. **EFFICIENCY** derived from “Reformed Public Procurement,” “Legal Framework,” “Compliance with the law,” “Human Resource Capacity,”
2. **INEFFICIENCY** due to “Deficiency of the Reform,” Lack of Human Resources Capabilities,” Non-Compliance with the Law,” Unreformed Store Management,”

These two streams created individual critical path analysis in the assessment of the impact of Reformed Public Procurement on delivery of Public Health Services as understood by the key informants. The path to the assessed impact was carefully derived following **themes, topics** and **patterns** that converged in determining efficiency and inefficiency. These themes and patterns were clearly evident from the qualitative data collected from the four key informants. It was apparent that all the four key informants aspects of understanding at some point overlapped across categories. However, overlaps were viewed as good interpretation of understanding and attitudes in general, which are not made up of isolated concepts but are relative to each other.

#### Thematic Area I - Reformed Public Procurement:

The theme came out strong through and through from all participants because of their immerse historical background of public procurement system in Malawi. Every participant began his contribution from this theme. Prior to the reform public procurement was weak and had no legal basis. All commended government for this public policy intervention on procurement system that saw the legal framework of public procurement in place.

The Key informants expressed deeper knowledge of the areas the Reform has impacted and also areas the Reform has not registered expected impact. Areas of impact, it was evident from the data that they all agreed on transparency, accountability, rule-based procurement, establishment of oversight body, emphasis on procurement planning were deemed as areas of direct result of the reform.

#### Thematic Area II - Legal Framework:

Enactment of Public Procurement Law was traced in all the participants on both semantic and latent aspect as main pillar of public procurement institution decentralization. Participants expressed satisfaction that decentralization and establishment of oversight body fortified by legal framework has helped to reinforce the operationalization of the reform. Participants agreed that institutional decentralization of public procurement has posted positive impact on overall procurement towards improving public service delivery in this case health services.

#### Thematic Area III - Human Resource:

Analysis of themes and pattern from all key informants on both streams converged on the same point that establishment of human resources in public sector particularly in the procurement department is suboptimal. This was exhibited in all participants as they similarly bemoaned lack of human resources capacity throughout the health sector. According to the participants either lowly qualified or lowly ranked staff manages public procurement in health sector. This chronicle and

persistent low level skilled personnel managing procurement in health sector has often times affected efficiency and economy in public procurement thereby overly affecting efficiency of service delivery. Economy and Efficiency is among the broad objectives of Public Procurement Reform.

#### **Thematic Area IV - Compliance:**

It was very evident and exhibited in all participants that the intended impact of the reform is highly diminished because of low levels of compliance to some critical provision of Public Procurement Law. They all cited that Annual Procurement Plans and subsequent implementation of these plans are mostly ad hoc or else the plans do not have reliable input to inform possible projected trend of consumption. Without proper procurement annual planning, the most affected objectives of the reform is procurement economy and efficiency. All evidently expressed this point.

#### **Thematic Area V - Stores Management Function**

Order of themes that created informative pattern were evident and exhibited fully in all the transcripts from the participants that stores management functions was completely not considered in the reform. There was a united consensus demonstrated in the data that absence of stores management in the reform was detrimental to overly achievement the most needed impact of the reform. Participants illustrated their understanding on elements of this theme and converged on one point that store management is indispensable source of input to both annual procurement and disposal plan. The consensus went to propose that any immediate review of public procurement legal framework should extensively include store management if public supply chain management of the government of Malawi is to be complete and effective.

### **4.3.7 Key Finding**

The objective of the study is to assess the *Impact of The Public Procurement Reform on Delivery of Public Health Services*. It is evident from this thematic analysis that the reform has to an extent *positively impacted* the delivery as derived from some of its broad objectives that have been achieved by this law such as *legal framework* is now in place, *procurement institutional decentralization, establishment of an oversight body and transparency and accountability*. On the other hand, there are key findings that have deterred expected impact of the reform as intended. Notable findings included; *Noncompliance* with of some critical provision of the law such annual procurement plans, failure by government to resource adequate qualified *human capacity, political interference, lack of comprehensive policing tools* in the law to yield compliance and *absence of stores/inventory management* in the law.

## **4.4 Research Findings Quantitative Data**

### **4.4.1 Introduction**

The main purpose of the research as stated elsewhere is to assess the impact of the reformed public procurement system on delivery of public health services the case of Malawi. In order to respond to the research questions and realize the objectives the author considered Mixed Method because of its persuasive and rigorous procedures on qualitative and quantitative methods. The author deliberately chose “Mixed Method” as the central research methodology to leverage on its strengths that offset the weaknesses of both qualitative and quantitative research. The author envisaged that by using



both types of research, strength of each approach could make up for weaknesses of the other. The author was also cognisant of the challenges of the “Mixed Method” such as complexity, time consuming and resolving discrepancies that may arise in the interpretation of the findings. The annexation of quantitative methods was meant to emphasize objective measurements and the statistical, mathematical, or numerical analysis of data collected through structured questionnaires. It was also meant to help manipulating pre-existing statistical data using computational techniques.

Public Procurement System as a public policy is generally used by the public sector for the acquisition of goods, works and services. This law has gone through the reform in order to secure efficiency and economy in the way public sector conduct procurement. Quantitative research approach was used to particularly assess and quantify dimensions of impact in various selected parameters as understood by the users of the law (public procurement practitioners) and the immediate stakeholders (senior management) in central public hospitals.

#### 4.4.1(a) Approach

For purposes of feasibility and precision in data collection *purposive sampling* was used to ensure that critical hot spot in as far as public health services is concerned are all included. Purposive Sampling is a sampling technique in which the researcher relies on his or her own judgement when choosing members of the population to participate in the study. The population frame was taken to be all public hospitals in Malawi grouped into four geographical government administrative regions, thus north, center, south and eastern region. Each region has central referral hospital. All these regional referral hospitals were purposely selected into the sample to ensure equal representation of public hospital administration hubs in all regions.

From each regional referral hospital, the author had targeted two classes of prospective respondents. Procurement practitioners who are the primary users of the reformed public procurement system and the senior management being the immediate stakeholders. Further it is from senior management where an *Internal Procurement Committee* is selected. This committee is fundamental to the doctrine of the reform in as far procurement institutional decentralization is concerned. This pool of participants contains practitioners, senior members of management with some in the approval process of procurement transaction while other directly involved through the committee. The catch was rich enough to provide data for an informed assessment of the impact of reformed public procurement. Additionally, most participants were those that had used both procurement systems thus the old systems governed by treasury instruction and the reformed one governed by Act of Parliament. It was relatively easy to deduce baseline position against the strides of the reform.

#### 4.4.2 Procedure

Following the “Research Proposal” approval as stated in chapter 4 section 4.3.4 two sets of structured questionnaires were administered to two classes of participants; procurement professionals and senior management. Both questionnaires had one part with general approach to the reform impact assessment and other part tailored to procurement functional relationship with each class while meticulously focusing on the impact of public procurement reform and its subsequent objectives. Total number of targeted population per hub – regional referral hospital was as in the figure below:



<b>IMPACT OF PUBLIC PROCUREMENT REFORM ON PUBLIC HEALTH SERVICE DELIVERY: CASE OF MALAWI</b>			
<b>INSTRUMENT ADMINISTERED</b>		<b>STRUCTURED QUESTIONNAIRE WITH COMMENTS AND ANY OTHER RELATED INFORMATION</b>	
<b>REGION</b>	<b>CASE STUDY FOCAL POINT</b>	<b>PARTICIPANT GROUP 1 PROCUREMENT PRACTITIONERS</b>	<b>PARTICIPANT GROUP 2 MEMBERS OF PROCUREMENT COMMITTEE &amp; SENIOR MANAGEMENT</b>
<b>NORTHERN</b>	<b>MZUZU CENTRAL HOSPITAL</b>	<b>10</b>	<b>10</b>
<b>CENTRAL</b>	<b>KAMUZU CENTRAL HOSPITAL</b>	<b>10</b>	<b>10</b>
	<b>GOVERNMENT CENTRAL MEDICAL STORES</b>	<b>15</b>	<b>15</b>
<b>SOUTHERN</b>	<b>ZAMBA CENTRAL HOSPITAL</b>	<b>10</b>	<b>10</b>
	<b>QUEEN ELIZABETH CENTRAL HOSPITAL</b>	<b>10</b>	<b>10</b>
		<b>55</b>	<b>55</b>
<b>TOTAL NUMBER OF TARGETED PARTICIPANTS</b>			<b>110</b>

Figure 17 Number of Participant per Site

#### 4.4.3 Data Analysis and Tools

Quantitative Data is the value of data in a form of counts or numbers where each data set has a unique numerical value associated with it. The quantitative data in this research was collected for statistical analysis using questionnaires to 110 participants in four referral hospitals targeting procurement professionals and senior management. Main tools used to analyse data were SPSS and Microsoft Excel.

From the quantitative data collected and the subsequent analysis, the trend onset shows that the reformed Public Procurement has had a positive impact on delivery of public Health Service. Further examination of the combined quantitative and qualitative data indicated that although there are positive dimensions of impact on health delivery services particularly medical supplies there are some gaps in the reform and capacity issues that are deterrent factors for failure to realise full yield impact of the reform. These deterrent factors have concealed achievement of the intended objectives particularly on maximising procurement economies, and efficiency in public procurement and disposal of public assets among other objectives. Focus areas of test as outlined in the research were as follows:

## Areas of Focus

- ✚ Relationship of the Reform and Public Health Service Delivery
- ✚ Reform as determinant factor for improved Health Delivery Services
- ✚ Impact of the reform on lead time and other key reform objectives
- ✚ Procurement Planning
- ✚ Reformed Public Procurement and Inventory management
- ✚ Stores function on Medical Supplies
- ✚ Possible causes of prevalent medical supplies stock out
- ✚ The Reform and Inventory/Store Management Framework
- ✚ Overall Impact of the Reform on Public Health Service Delivery

## I. Relationship Between Reform And Health Service Delivery

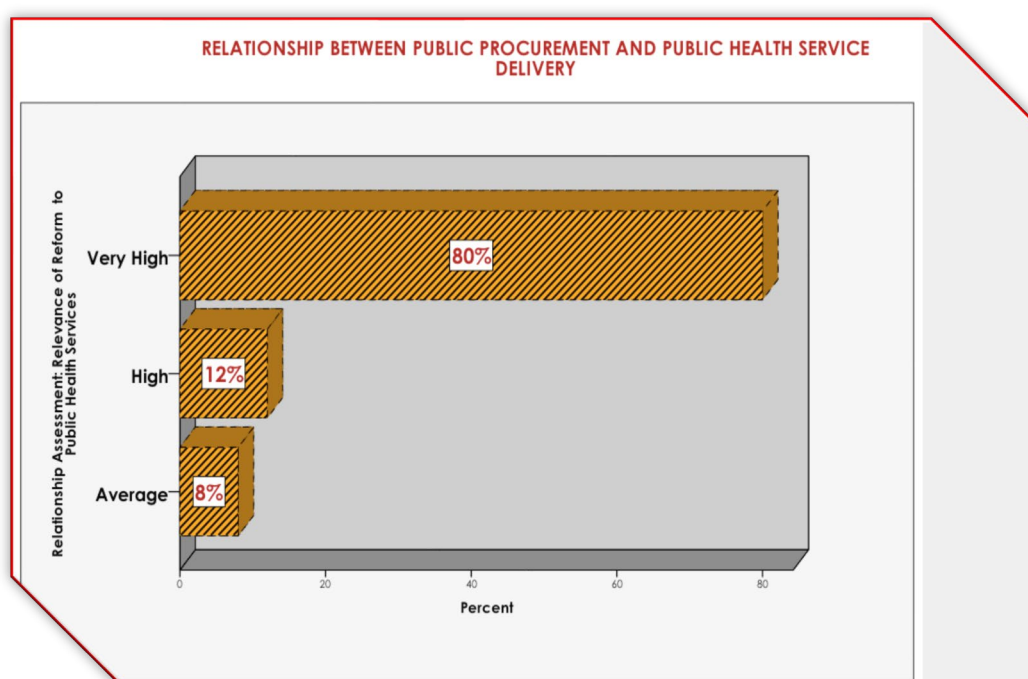


Figure 18: Reform Relationship with Health Delivery Services

Following the examination of data collected from five centers, it is very clear that the reform has a strong relationship with public health services in Malawi. Strong relationship suggests that the government had an accurate target to reform public procurement in order to improve public health services delivery. This test having indicated a positive out come sets the whole research in motion. **85%** of respondents agreed that indeed the relationship is there proving the fact that public procurement is one of the factors that needed policy intervention to be among those factors that would impact positively on health services. The results further motivated the journey to assess the impact. The next step was to assess whether public procurement principles as stated in the reform were seen to have achieved the intended objectives of economy and efficiency.

## II.Reform as A Key Determinant Factor to Improve Public Health Delivery

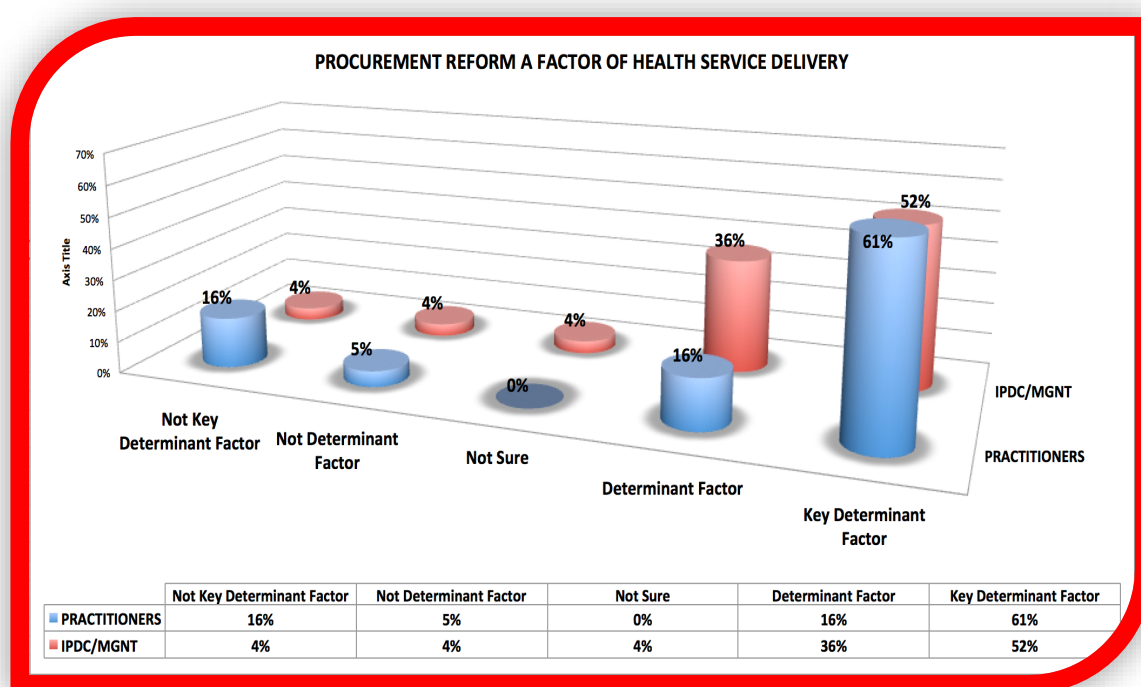


Figure 19: Reformed Public Procurement Key Determinant Factor

After establishing the relationship of the **Reformed Public Procurement** and the **Public Health Service Delivery** the next thing was to understand whether public procurement was useful or relevant and considered to be among key determinant factors that needed the reform in order to improved public health care system in Malawi. The results above are very clear that the Public Procurement is a useful at the same time a relevant tool and a **Key Determinant Factor** to improve delivery of health services. Government effort to bring in the policy intervention to reform public procurement was correct. Public Procurement being a key determinant factor as revealed by this research study its subsequent reform was just an appropriate public policy intervention towards improved public health service delivery. Both the practitioners and senior management have agreed that reformed public procurement is a determinant factor for the delivery of public health services with **77% and 88%** respectively.

These two variables were very key to the progress of this research study. If the two were proved otherwise the research study could have thwarted. Ideally if the Relationship of the Reform and Public Health Service delivery were non-existent and that the Reform was proven to be a non key determinant factor in Health Service delivery the research couldn't progress because lack of relationship and insignificance of the reform on Public Health Service delivery would have rendered impact assessment not worthy pursuing. Their proven relationship and significance created a strong substratum for the progress of this study.

### III. Impact of The Reform on Key Reform Objectives

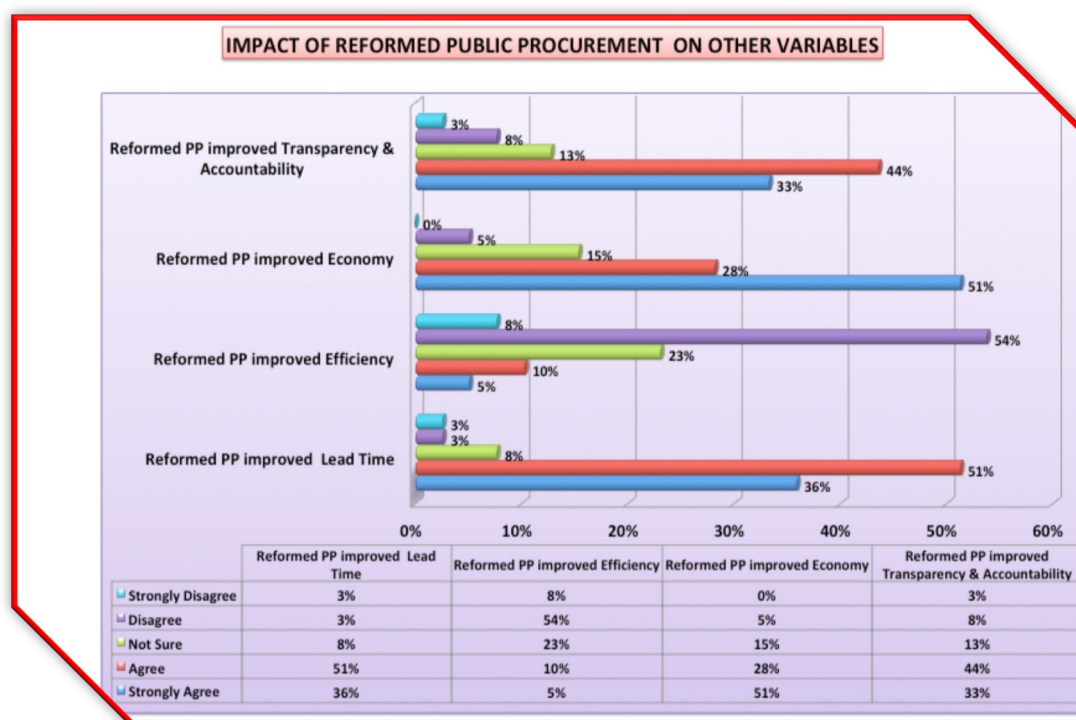


Figure 20: Impact of the Reform on Key Reform Objectives

In 1996 the Malawi Government through World Bank hired IPC Consultants of USA Washington DC to review the entire public procurement system of the Republic of Malawi. The IPC diagnostic report revealed a lot of shortfalls and gaps in the system. Recap of **Broad Objectives** of the reform that needed to be addressed as pointed out in the report of which among them were Transparency and Accountability, Lead Time, Efficiency and Economy. These variables were critically followed through in the research study by both structured and unstructured data collection techniques in order to assess the impact of the reform on these broad objectives.

**Transparency and Accountability:** Research results as depicted in **Figure 21**, show that the Reform has had a positive impact on corruption. One of the broad objectives of Public Procurement Reform was to discourage corruption by increasing Transparency and Accountability which has statistically scored **77%** ranging from strong to strongest agreement by respondents that the Reform has brought about improvement on Transparency and Accountability which is the basis of bidding down corruption in Public Procurement.

**Economy:** The second broad objective of the Reformed Public Procurement was economic results from the expenditures of public funds. In as much as centralized procurement looked attractive economic procurement strategy on strength of bulk buying but it did not reflect current international practice of just in time, intensified business focus, customer centered and lean business models which are very economic strategy in bid to lower operation costs. On the other hand centralized procurement and stores could not catch up with speed at which the government departments required stores and services due to bureaucratic procedures of obtaining the same. On this particular variable respondents commended that the Reform has brought remarkable improvement on

procurement economy because of the institutional decentralized structure where procurement of requirements is in line with business dynamics of different government departments.

*Lead Time:* Prior to Reform, the diagnostic report by IPC Washington DC indicated that average procurement lead time were about one/two months for local purchase orders (LPO), three/four months for domestic tendering and a minimum of six months for international tendering. According to the finding of the consultant Central Medical Stores could take as long as twenty-four months. **87%** respondent's feedback on this variable has shown that reformed public procurement has improved lead-time. This is largely due to the use of standard bidding documents and standard procedures as set in the reformed public procurement. These standard documents have prescribed bidding and delivery periods enforceable by law leading to strict compliance with lead times by both the procurement entity and the supplier on the other hand. Ideally, the reformed public procurement provides lead times for each procurement method as follows. Request for Quotation (RFQ) a maximum of seven days, Restricted Tendering a maximum of 21 days while Competitive National and International Tendering procurement processes have their lead times ranging from two to three months respectively. This is a remarkable reduction in public procurement lead times registering positive impact of the reform.

*Efficiency:* Efficiency is among broad objective of the reform. It was very interesting to see sharp contrary views from the same respondents on whether the reform has improved procurement efficiency. Divergence on this empirical data drew attention because of its contrary position. **51%** of the respondents indicated that reform has not yet attained the expected efficiency in procurement. Procurement being a key determinant factor with strong relationship with Public Health Service delivery success, this position was further analysed beyond quantitative statistical empirical data because each question in the questionnaire was provided with space for comment. On this particular outcome all the qualitative data were further analysed using simple thematic analysis to see whether they could unlock central theme that led the skew to the left.

Thematic analysis from the qualitative data clearly indicated dissimilarities in the meaning of Efficiency. One group converged on the definition of *Efficiency* as a function of quality, cost and speed. This group contended that although the Reform has posted some positive impact on other broad objective as seen above quality and cost is still a challenge in public procurement. The other group merged their minds on the definition of *Efficiency* as elimination of waste. They thematically and consistently considered that waste in public procurement is still rampant. These seemingly divergent views converged on the same fact that public procurement efficiency has not yet been attained.

#### IV. Annual Procurement Plan and its Critical Role

Baseline information from Malawi Public Procurement Diagnostic Report stated that the core problem of procurement system in Malawi was lack of comprehensive legal framework. Lack of standard documents and procedures culminated into lack of systematic procurement planning. Procurement Plan is an annual document, which defines goods, works and services that an entity will source from supply market for its operation. A sound procurement plan sets expected delivery periods and estimated budget figures that helps a Procuring Entity to define their procurement strategy and to decide where and when to procure.

During the review of Malawi procurement system, Procurement Planning was conspicuously picked as an area of deficiency. Poor or lack of planning affect lead time, quality, cost, and availability of the most needed works, goods and services for smooth operations of public service outlets while in Public Health services meant lack of medicine and other health supplies that are critical to public hospitals service delivery. This state of affairs largely undermined the desired efficiency the citizenry expected. In order to redress issues of efficiency reformed public procurement has provided for Annual Procurement Plans. This is enshrined in the reformed procurement law specifically in section 21 of Public Procurement Act of 2003 (PPA 2003) and re-emphasised in section 39 of the revised version of the same Act now called Public Procurement and Disposal of Public Assets Act (PPDA 2017), Act number 27 of 2017. A test was run to see whether procurement practitioners in the public hospitals have the needed understanding on procurement plan.

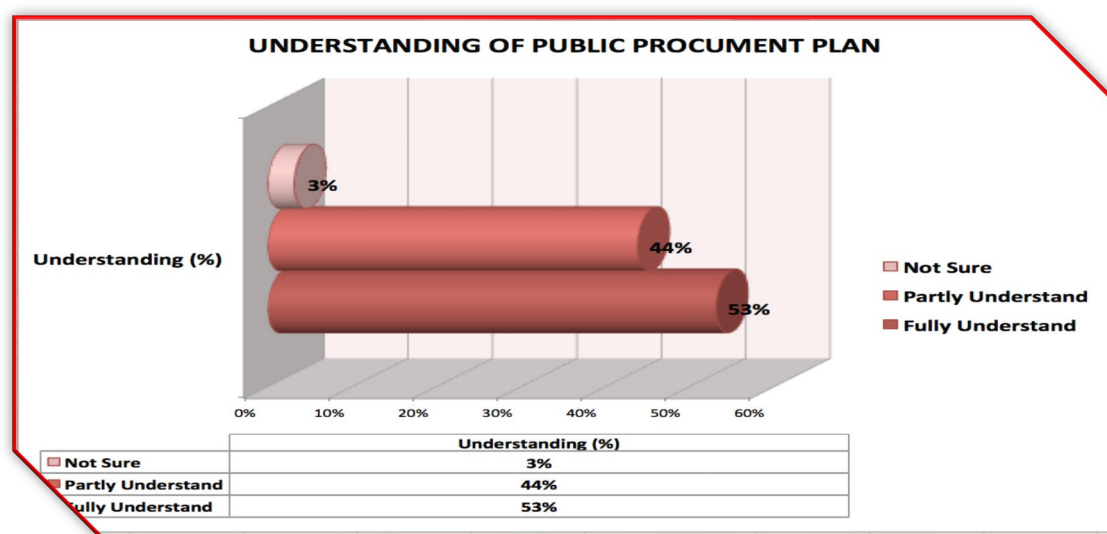


Figure 21: Understanding Procurement Plans

Notably statistics showed that **53%** fully understand what constitutes procurement plan while **44%** had partial knowledge of procurement plan. Grossly this meant that practitioners in public health had the knowledge of procurement plan and that it exist in the procurement legal framework despite variation in the technical know-how of what constitutes it.

Procurement Practitioners in public health were further asked to relate procurement plans and public health operation in a likert scale to express level of agreement on how critical procurement plan is to successful public health service delivery. The graph below statistically show that



respondents 97% agreed is critical and highly critical to the success of public health service delivery confirming that indeed poor or lack of the same grossly undermine procurement efficiency with predominant effect of health delivery efficiencies.

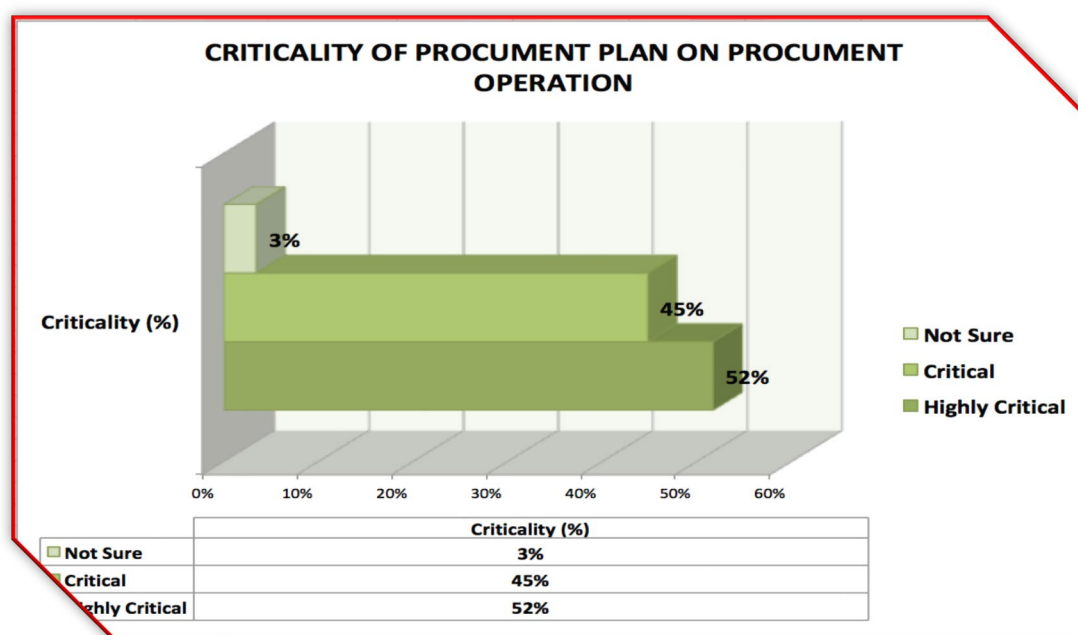


Figure 22: Procurement Plan Critical

From the research results above respondents have overly confirmed their understanding of procurement plan and positioned it as a critical element in the operation of public hospitals in as far as procurement of works goods and services is concerned particularly medicine and health supplies in service to the public.

## V. Adherence to Procurement Plan

Public Procurement Reform in Africa by Mariz, Menard and Abeile (2014) p27 established that procurement planning is critical stage of the procurement process, however it is one of the weakest elements of the Sub-Saharan African procurement process. This includes Republic of Malawi. This finding highly correlates with the results of the Public Procurement Diagnostic Report for Malawi where procurement planning was singled out as one among critical causes of failure to achieve the broad objective of efficiency. It was from this common denominator that understanding only and theoretically positioning procurement planning as a critical function as evidenced in **Figure 22** above was not enough. Notwithstanding understanding, execution with high level of adherence to annual procurement plan is very critical if this vital stage of procurement process is to add value. Statistical outcome from the respondents on adherence levels shown below reveals a lot on how practitioners with full understanding of the weight planning has on procurement process. The statistic has revealed that despite practitioners' knowledge and appreciation of Procurement Plan there is huge deficiency in the adherence. Procurement Plans are put in place but are not adhered to. The strength of the reform is the function of compliance to its provision because the strength of the any procurement process resides on its weakest point.

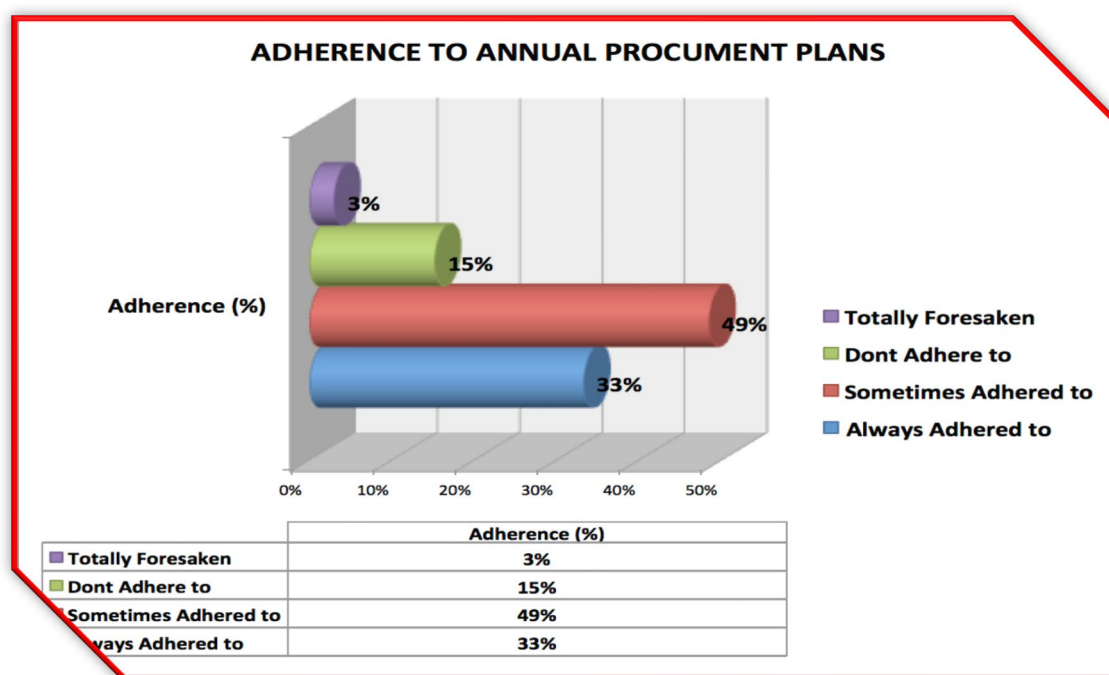


Figure 23: Compliance and Procurement Plans

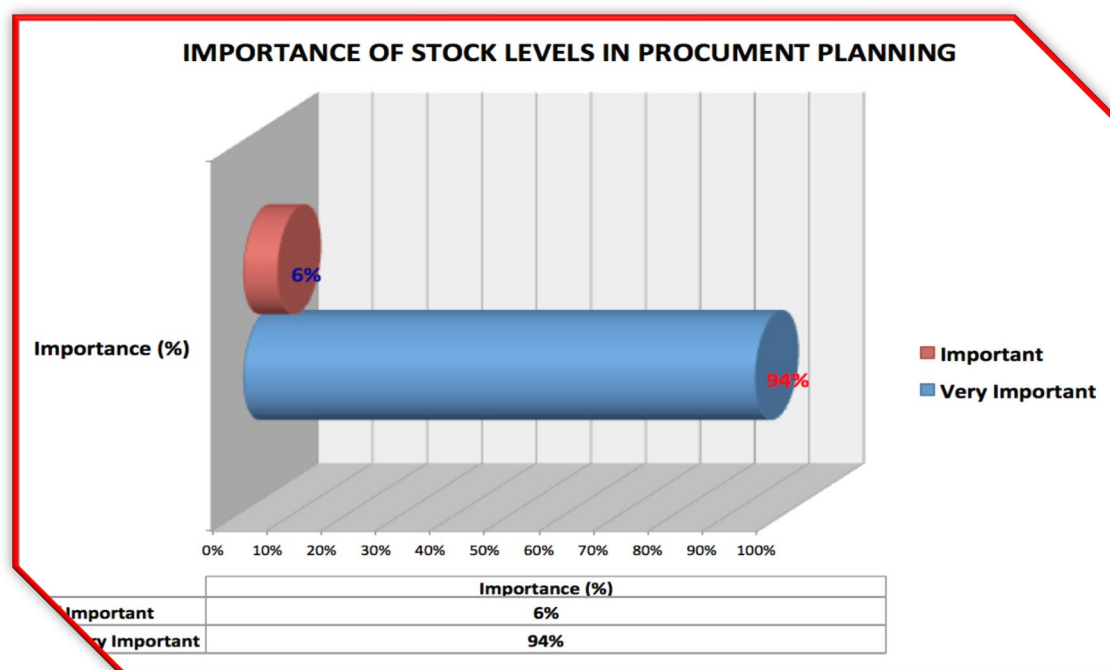
From the immediate graph above **49%** of the respondents clearly indicated that adherence levels to Annual Procurement Plan is ad hoc and 15% outright indicated that procurement plans are not adhered to while 3% said procurement plans are forsaken completely. This revealed a huge threat to most needed compliance of the reformed public procurement if the objective of efficiency is to be achieved. On the hand impact of the reform is still traced with **33%** of the respondents confirming that procurement plans are always adhered to as provided for in the law. With reference to **Figure No 22** the investigation revealed that poor procurement planning or lack of planning is among major root causes of stock out of medical supplies in public health facilities. It is therefore the investigators conviction that if **67%** of procurement practitioners are divided in the levels of non-compliance with Procurement Plans Provision as shown above then this weighs off the impact of the reform particularly on the objectives of maximization of economy and efficiency in public procurement.

## VI. Inventory Management and Annual Procurement Plan

Critical reviews of the Public Procurement Act 2003 together with its Regulations and again analytical review of revised Public Procurement Act which is now Public Procurement and Disposal of Public Assets 2017 has shown that inventory management or stores function is not covered. This is against the background of a clear strong recommendation of the Public Procurement Diagnostic Report that formed the basis of Procurement Reform in Malawi. Both versions of this procurement law have greater emphasis on reformed procurement process while the revised version has brought in a new dimension of Disposal of Public Assets.

Public Procurement and Public Assets Disposal processes are to date well regulated, the regulations go beyond mere procurement processes but properly places transparency and accountability in a manner that those responsible have the duty of care. It is the very clear that inventory management is missing despite it being an integral part of an acquisition process more importantly in the new

version of this law is the inclusion of disposal of public assets whose record before disposal is supposed to come from stores/inventory management. In essence, the current state of Malawi Public Procurement Legal Framework regulates procurement of goods, works and services and the subsequent disposal of public assets. The Law does not regulate warehouse management function, which is an intermediary function between procurement and disposal. This research has revealed a critical gap between procurement and disposal that needed to be filled if a full logical cycle from procurement to disposal is to be realised with a traceable audit trail.



*Figure 24: Stock Levels and Procurement Plans*

It is arguably correct that best and practical annual procurement plans are those that begin with inventory records that provides tendency of consumption. This is where stock movement records provide insightful trend and pattern of consumption leading to robust procurement plan that is responsive to the needs of daily operation of health service outlet with minimal stock-outs crisis. Before this research could vet the role of stores/inventory of medical supplies, it was necessary to find out whether this piece of record was important. The **94%** in the graph above is clearer evidence that inventory record is very important as a dependable input in the annual procurement plan.

## VII. Stores Function in Medical Supplies in Public Hospitals

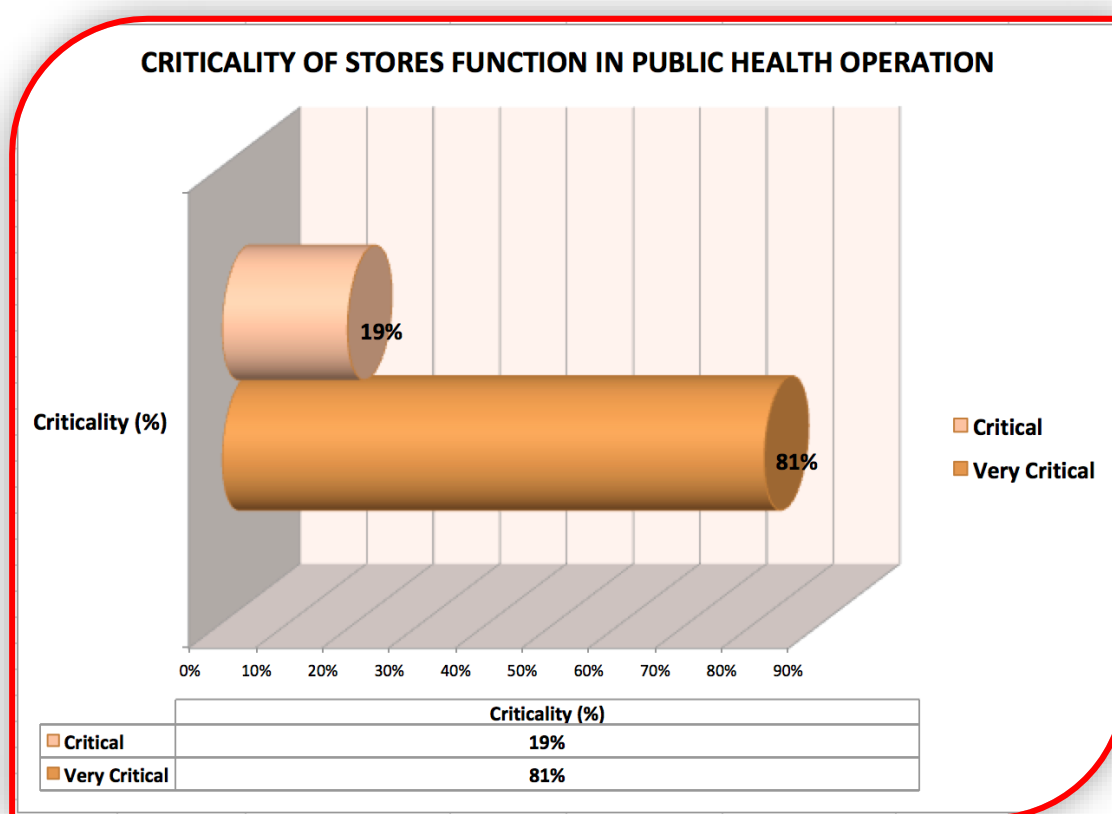


Figure 25: Stores Functions

One other deeper dimension to the unearthing the importance of stores record in a procurement process was to dissect the whole stores function and understand its criticality. The summary of the results of this assessment as displayed in the graph showing **100%** stores function critical to health service delivery unequivocally justify that stores function is very critical to successful construction of annual procurement plan which is responsive to the operational requirement of public health services.

Having effectively established the link between inventory management and procurement processes and moreover proven that the relationship is not only important but also critical to successful management of medical supplies. It was then imperative for this investigation to take a second review the public procurement legal framework and see how the stores and procurement are blended in the reform. It was reconfirmed that stores management is not in the reform despite its recommendation at the initial stage of the reform. It was therefore considered opinion of this investigation that the impact of the reform meant to maximise economy and efficiency relied on compliance of critical provision of the Act such as planning among others. Consequently, absence of stores management framework in the public procurement legal framework thwarts a huge dimension that could have been realised from annual procurement planning if stores were part of the reform because stores is a major and critical factor of input to procurement planning.

## VIII. Possible Causes of Prevalent Medical Supplies Stock-Out

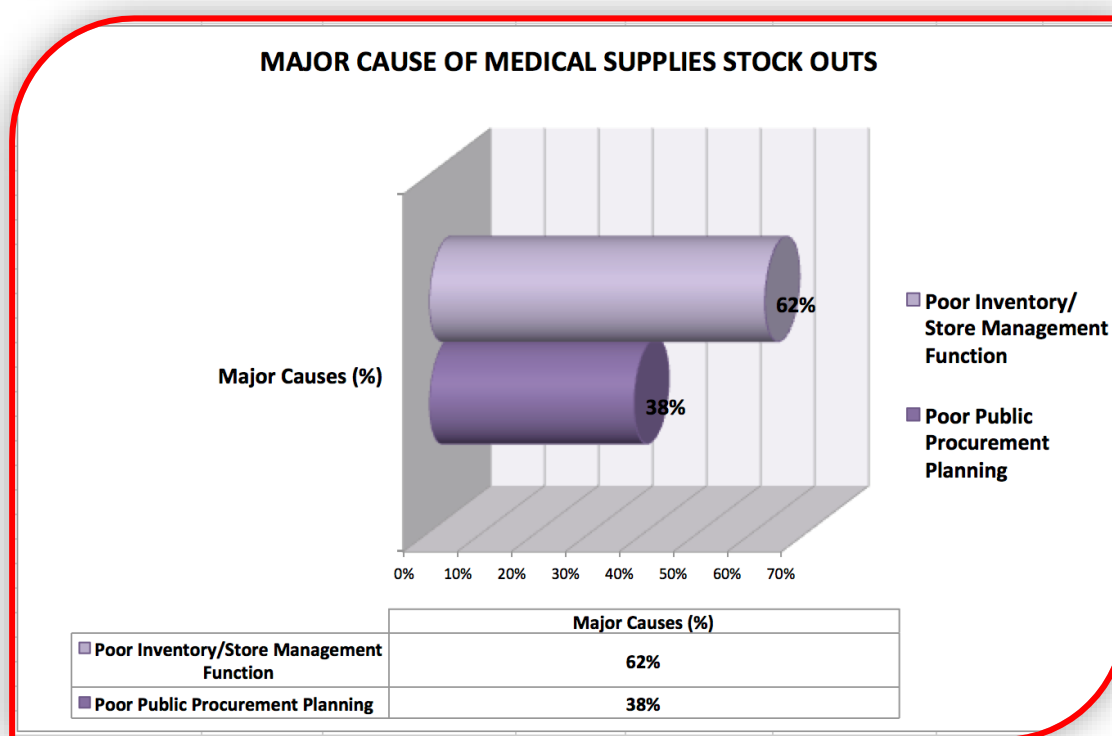


Figure 26: Major Causes of Stock Out

The process of this investigation was very mindful that to operationalize public health facility requires various kinds of specialised resources with diversified dimensions. As stated in the introduction that according to World Health Organization (WHO) [(2008) online] states that delivery of public health services is an immediate output of the input into health system; such inputs may include infrastructure, health intervention policies, workforce, medical supplies, logistics system, finances and procurement. From the onset provision of health services calls for a wider continuum of input, where each ought to be properly managed to strengthen service delivery which is key strategy to achieve the Millennium Development Goals (MDGs) now Strategic Development Goal number 3 on health outcome.

Out of this wider continuum of inputs this research study has consistently throughout this project, analysed and assessed the impact of **Reformed Public “Procurement”** on the immediate output of health provision. Public Health service delivery has for a long time been a subject of deride with a wide public claiming that public hospital performance is averagely suboptimal. Out of the myriad of challenges Public Health faces the most conspicuous and commonly referred to challenge by the public is shortage of medicines/drugs. This is the central thematic area of the research to assess the impact of the public procurement reform as an item in the continuum of inputs in the health service meant to aid production of this output. Has reformed public procurement as an input helped to

remedy shortage of drugs in public hospitals? This is where the enquiry broadly moved in to investigate some causes of drug shortages in public hospitals.

With reference to the diagram above **Figure 27**: there are twin dimension that are deemed to be major cause of shortage of medical supplies in public hospital. Drug shortage is detrimental to the delivery of the health services. Surprisingly this research study has revealed in **Figure 25** above that the possible causes of drug shortage are all related to Supply Chain Management where procurement and inventory management are key points in the chain. In this investigation the researcher has established with evidence from the respondents that *Poor Procurement Planning 38%* and *Poor Inventory Management 62%* are Major causes of prevalent drug stock shortage in public health facilities in Malawi. *What does the law say on the inventory management?* Literally nothing, Public Procurement legal framework in Malawi does not have inventory management in its Procurement Law while on Procurement Planning is fully provided for but comes into play simply because of non-compliance with this legal provision of annual procurement planning.

## IX. Reform And Inventory Management Framework

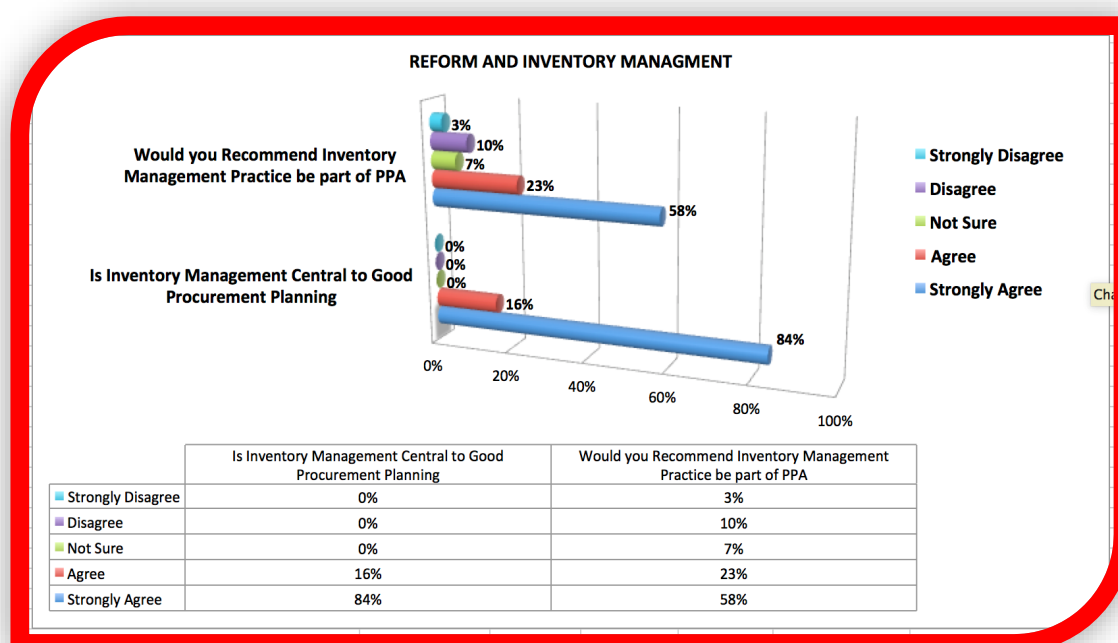


Figure 27: Reform and Inventory Framework

The reformed procurement legal framework has adequately covered the annual procurement planning a tool of impact in both PPA 2003 and PPDA 2017. Going through section by section of both the Public Procurement Act 2003 (PPA 2003) and Public Procurement and Disposal of Public Assets 2017 (PPDA 2017) one would conclude that Stores/Inventory Management Framework is not reflected in any section of these pieces of public procurement laws again confirming the earlier understanding that store management was not part of the reform despite strong recommendation by the Diagnostic Report issued by the consultant on public procurement system in Malawi as early as July 1996. It was highly expected that stores management framework by default could have been central to the reform processes. The default position is considered here because all along Central



Government Stores has been a procurement arm of government. In other words Central Government Stores was among a few public procurement institutions in the centralized procurement institutional framework in the old procurement system. It is from these institutions where the current reformed public procurement was born. One would automatically contemplate that since stores management function is central to procurement its reform was inevitable. This is an interesting omission that needed to be fixed if the current procurement law is expected to yield the most desired economy and efficiency.

## X.Reform and Institutional Framework

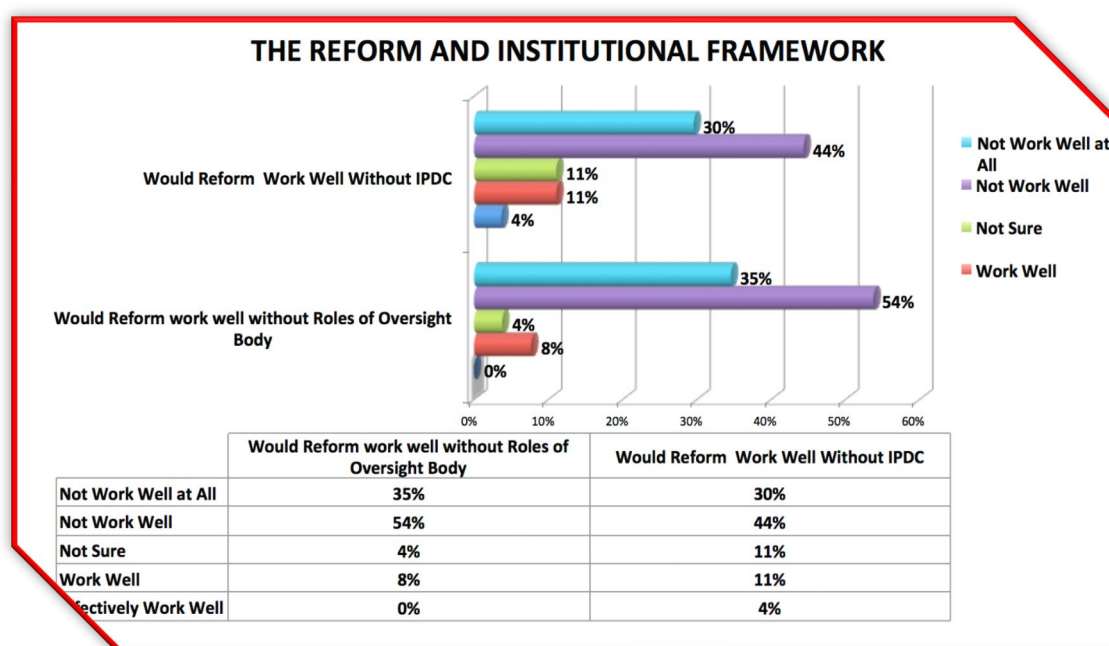


Figure 28: Reform and Institutional Decentralization

Malawi Government close to 39 years operated a centralised procurement system in acquiring works, goods and services for project execution and daily operation. Central Tender Board (CTB) Central Medical Stores (CMS) Central Government Stores (CGS) and Plant Vehicle Hire Organization (PVHO) generally undertook the then centralized public procurement. It was until after the reform that the resultant procurement legal framework recommended decentralization in line with international practices, which saw the establishment of an oversight body and institutionalized procurement committees in all government departments. Decentralization of the public procurement system was one among broad objectives of the reform. This institutionalised devolution of public procurement was one of the strategic pillars hence needed to be assessed to see whether it added weight on overall impact of the reform on delivery of public health services the case of this research. A group of procurement practitioners' respondents drawn from all central referral public hospitals including Central Medical Stores to the tune of 80% agreed that

procurement institutional devolution has added weight to the overall impact of the reform. Although with variation but they all contended that without institutional decentralization the reform could have had no platform for operationalization. Up to 80% of the respondents supported that the reform could not work well without oversight body and procurement committees established in the government agencies.

Qualitative data on the same instrument on this question revealed that procurement devolution was in line with current international practice aiming at reducing waste in the supply chain management. Decentralization calls for lead international practices such as Just In Time principles, Customer Focus, Lean Operation as one of the concepts recognized internationally.

## XI. Public Procurement Reform and Political Influence

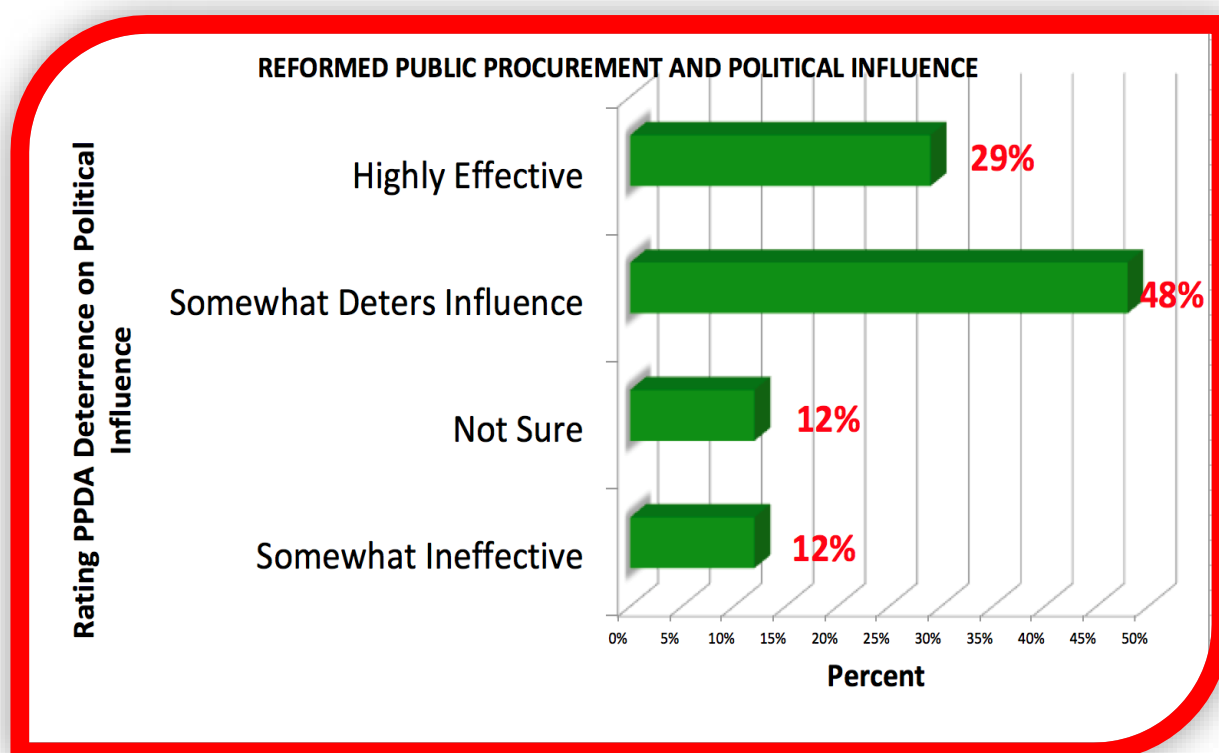


Figure 29: Public Procurement and Political Influence

As stated in the *problem statement* that public procurement scandals have since the inception of the reform infested the media painting a picture that the impact of the reform is weak. Most of the noteworthy scandals published in the media have had strong links to senior government officials or prominent politicians. The question could be; is the reformed public procurement system of the Republic of Malawi strong enough to deter political influence? Participants of this research project have expressed their view on this variable as indicated in the *SPSS* analysis above. The interpretation of response clearly shows that the reform has to an extent deterred political influence but not the expected levels.

The graphic interpretation shows that on **29%** had an unequivocal position that the reform has managed to deter political influence. This was shared with key informants in the qualitative study

that emphasis on transparency and accountability has illuminated public procurement process making it uneasy for political influence to swing in. Nevertheless, **71%** was still sceptical to unequivocally confirm that political influence is deterred by the reform. This may be another way of proving why most noteworthy public procurement scandals are linked to senior political players. The authors' own opinion is that indeed the reform has brought about the most needed transparency where in many cases scandals may not go unnoticed but the tactic of policing those noticed scandals leaves a lot to be desired or else the strength of reform is being exposed by its weakest link.

## XII. Human Resource Capacity

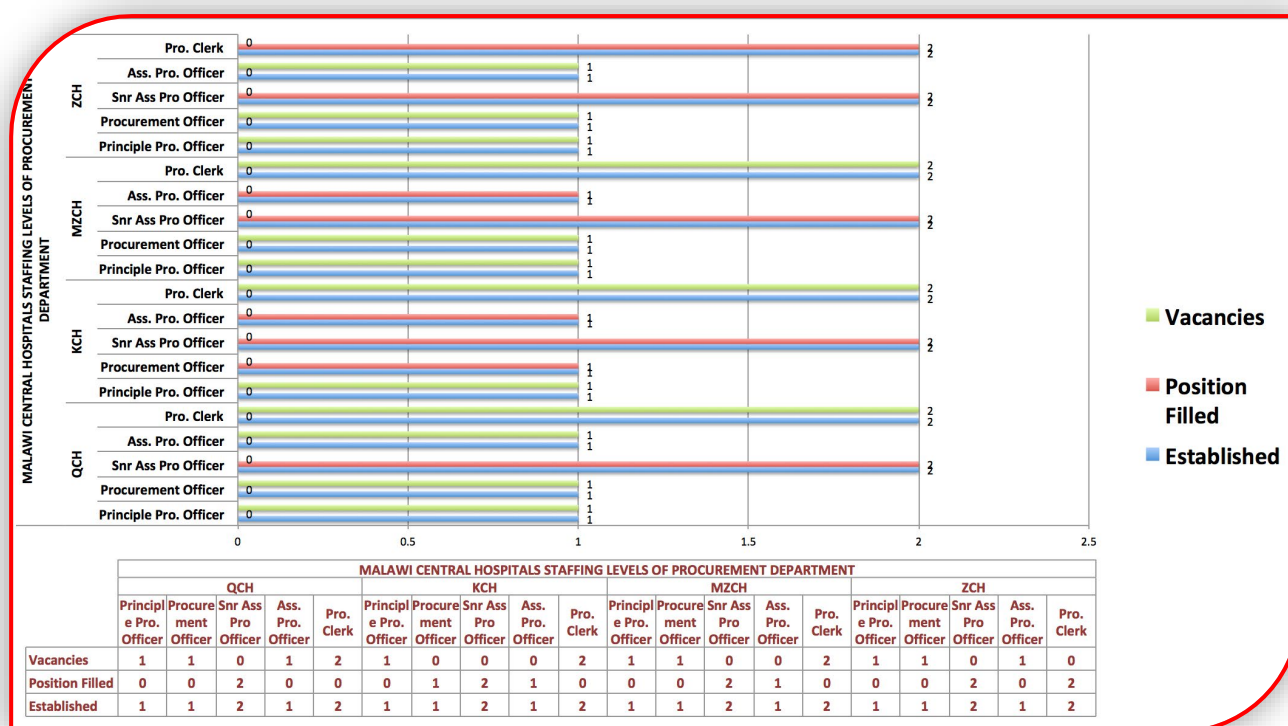


Figure 30: Human Resource Capacity

Human Resource is a key resource in the implementation of the any reform. It is therefore highly anticipated by the author of this thesis that at the time of inception of the reform the government was very prepared with human resource to smoothly roll out public procurement reform. It was from this point of view that the research took departure to review human resource capacity as regards to its input in an effort to add value in the reform. Unfortunately, the research has revealed that there is deficiency of human resource capacity in procurement departments of the public health sector particularly with focus in the central hospitals right away from the time of inception of the reform to date. **Figure 31** above covers it all; there are no qualified or even unqualified persons to head procurement department in four central referral hospitals. This is how deserted procurement is in public health sector yet it is a determinant factor to the delivery success of public health services.

#### 4.4.4 Key Findings

Following the analysis of the quantitative data from the SPSS and Excel the key findings were relatively similar to those summarised after Qualitative data exploration. The Key Findings are as follows:

- ✚ The Research has proved that Reformed Public Procurement is not only among key determinant factor but also has strong relationship with successful delivery of Public Health Services in Malawi. It was therefore strategic to reform public procurement system of the government to achieve required public health service level.
- ✚ Procurement Planning is key to Public Procurement Economy and Efficiency but the researched has found out that adherence to the legal provision is very weak or non existent in some cases leading to poor procurement timing. Poor or lack of Procurement Planning has been underscored as one of the major causes of unprecedented stock-out of medical supplies in public hospitals
- ✚ Reformed Public Procurement has failed to deter political influence in public procurement processes.
- ✚ Despite the reformed public procurement sharing strong origins from the central government stores, store management function itself is completely omitted from the Reform
- ✚ On the other hand this research has proved that store/inventory management function is key to procurement planning and central component of the drug supply chain management system. Therefore, its omission has detrimental impact on successful delivery to public health in Malawi
- ✚ Unregulated inventory management leads to poor store management function. This research has proved that poor store management is among major causes of unprecedented stock out in public hospitals.
- ✚ Institution decentralization of public procurement and establishment of the authority as an oversight body is critical to the successful implementation of the reform despite lacking proper and consistent policing capacity to improve compliance with reformed procurement legal provision
- ✚ Poor human resource capacity is detrimental to smooth operationalization of reformed public procurement system of Malawi.

#### 4.4.5 Results Interpretation and Triangulation

This study has used a research design that combined qualitative and quantitative methods; usually called *Mixed Methods* research strategy. The integration, the interaction or conversation between the qualitative and quantitative components of a study is what was found to be an important aspect of mixed methods research, and, indeed, is essential to some definitions. According to BMJ June (2010) recent empirical studies of mixed methods research in health show lack of integration between components which eventually limits the amount of knowledge that these types of studies generate. The author of this thesis is in total agreement with BMJ Online June (2010) position that without integration, the knowledge yield is equivalent to that from a single method approach thus qualitative study and a quantitative study undertaken independently, rather than achieving a “whole greater than the sum of its parts.”

In as much as there seemingly barriers to integration in social science due to knowledge gap in mixed method research approach literature has rapidly expanded to fill this knowledge gap, including descriptions of how to integrate data and findings from qualitative and quantitative

methods. As a principle investigator I was fully convinced that this approach will eventually enrich the interpretation of the finding of this research study

#### 4.4.6 Triangulation Protocol

This thesis has opted for use of qualitative and quantitative methods to examine different aspects of an overall research question “The Impact of Reformed Public Procurement on Delivery of Public health Services case of Malawi. For purposes of triangulation the thesis considered data collected by structured and unstructured instruments be examined with subsequent conclusions independently to get an informed *convergent or divergent* point of assessment on the impact of reformed public procurement on delivery of health services.

Collected data had already been analysed separately. The author then attempted to combine these finding in a triangulation process, it was clear from on set that the term triangulation may be confusing at times as literature review exposes a number of definitions. Triangulation can be used to define corroboration between two sets of findings or on the other hand it may mean a process of studying a problem using different methods to gain a more complete picture. The latter definition was preferred as is commonly used in mixed methods research and is the one pursued here.

#### 4.4.7 Triangulation Model

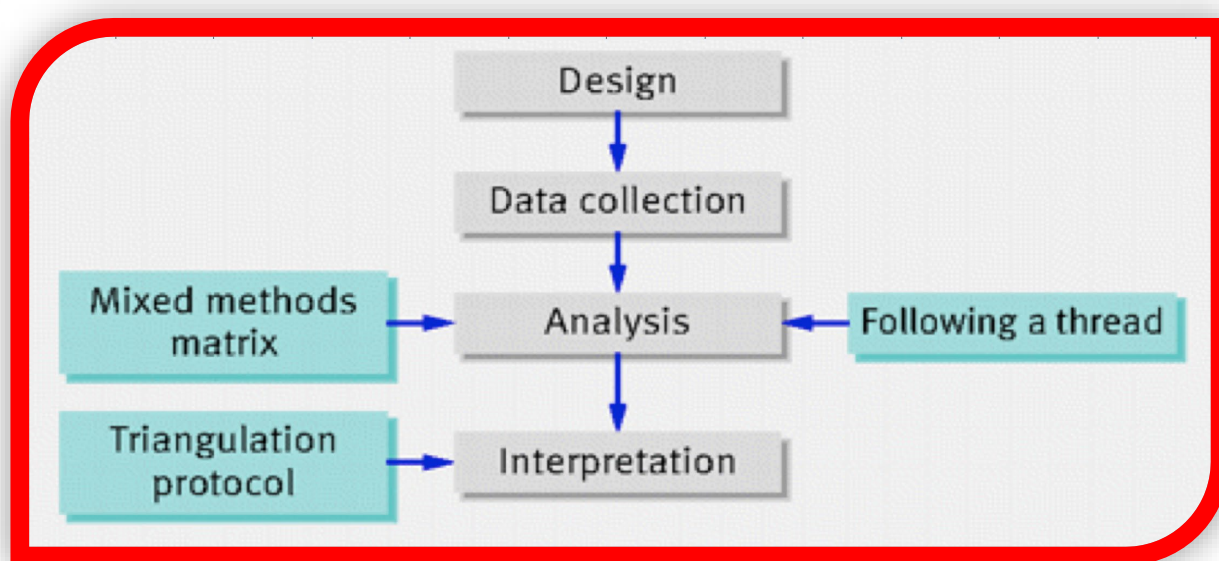


Figure 31: Triangulation Framework, Source BMJ Online June (2019)

Mixed Method Approach was used, grouping quantitative and qualitative data collection methods and subsequent analyses of the data. The results were validated through triangulation process, Kaplan and Duchon, (2010). This involved comparing data discovered from the review of literature, expertise from key informants and a questionnaire. The triangulation was applied to each method individually. Data was first collected from relevant literature to build an initial framework. Then, interviews were conducted with experts (Key Informants) to review that initial framework. Finally structured questionnaire were administered to practitioners and senior management members. All

this approach focused on assessment of the impact of reformed public procurement on delivery of public health delivery.

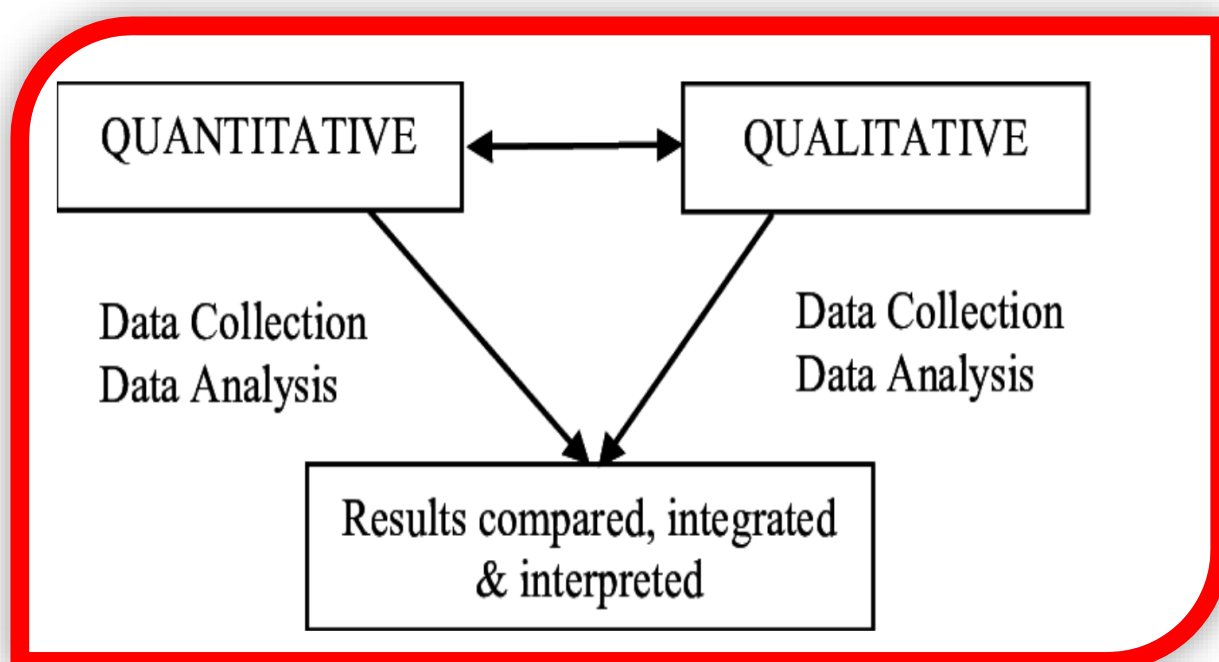


Figure 32: Triangulation Diagram

The graphic diagram of the Mixed-Methods concurrent Triangulation Strategy is the approach the author will use following convincing reasons advanced by Creswell and Plano Clark 2007; Johnson and Christensen 2004; in that it can answer a broader and more complete range of research questions. Secondly, integrating qualitative and quantitative approaches can overcome the weaknesses and utilise the strengths of each approach. Thirdly applying the mixed-methods approach can improve insights into and understanding of the data, which might be missed when using a single approach. Integrating qualitative and quantitative data can provide strong evidence for conclusions; and triangulating the data from different methods increases the validity of the results and the conclusions.



## TRIANGULATION 1

No.	Qualitative Thematic Areas	Key Findings	Quantitative Variables	Key Findings	Triangulation Conclusion
1	Public Procurement Key Determinant Factor	Key Informants proved that public procurement is a Key Determinant Factor for success of public health services	Public Procurement Key Determinant Factor	Corresponding test run in the SPSS showed that many participants agreed that public procurement was key to delivery of public health	It very clear that Public Procurement is a indeed a determinant factor in the delivery of Public Health service delivery.
2	Public Procurement Efficiency and Economy	Key Informants agreed that Reform has not yet yielded the needed efficiency as designed	Public Procurement Efficiency and Economy	Many participants expressed dissatisfaction with the level of efficiency the reform has brought into procurement system.	Key determinant factor not yield efficiency this confirms why the assessment was needed. Cause of inefficiency should be established.
3	Compliance with Key Provision	Level of compliance with key provision of the reform undermines the most needed efficiency	Compliance with Key Provision	Practitioners expressed high failure to comply with most of provisions which affects both economy and efficiency	All methods expressed convergence that compliance is a challenge and possibly the main cause of inefficiency
4	Human Resource Capacity Ability to management Reform implementation	Key Informants recalled that lack of human resource is a chronicle challenge in procurement department in public sector in general	Human Resource Capacity	Practitioner Participants bemoaned level of recognition of procurement profession in public sector.	Both methods converged on the fact that there is deficiency of qualified human resource.
5	Stores Management Framework in the Reformed Public Procurement	Key Informants agreed that public supply chain is not complete without stores management function	Stores Management Framework	SPSS analysis of participants indicated store management function is critical to public health service delivery.	Absence of Store Management Framework leaves a detrimental gap in the supply chain system of government. Stores are outside legal status regulation. Further weakening compliance.
6	Public Procurement and Political Influence	Despite varied perspective from Key Informants, but they all agreed that political influence is still rampant in public procurement.	Political Influence	Similar results in SPSS indicated that the Reformed Public procurement is still weak in its implementation to deter political influence	Parallel analyses show that political influence has not been completely checked out of public procurement processes.

*Table 1 Triangulation Analysis*

## CHAPTER 5

### 5.0 RESEARCH CONCLUSION AND RECOMMENDATION

#### 5.1 Introduction

Study topic for this research project was “*Impact of Public Procurement Reform on delivery of Public health Services – case of Malawi.*” The Research Study has exposed a wider range of indicators and hints as to why reform efforts of Public Procurement in Malawi seem to be persistently suboptimal on its impact particularly on the reform broad objective of *Efficiency*. It should be pointed out that inefficient system in all business operation has a very high potential to weigh down on output. Despite the reform, 17 years down the line what is still hanging on Public Procurement is this commonly held perception by the public that public procurement lacks efficiency and is an area of waste, corruption and a bottleneck of *Public Service Delivery*. The impact of public procurement inefficiency directly affected critical criteria of public health delivery services indicators such as quality of and access to medical supplies. Other indicators include lead-time, availability and sustainability of services to the public. Public Procurement has attracted civic attention due to the sheer magnitude of *Public Expenditure* that goes through it. Public Expenditure is a government economic activity meant to provide works (infrastructure), goods and services for short- and long-term operation of public entities to serve the local population. These are economic vehicles designed to boost *Efficiency* in public service delivery. The perceived inverse relationship is what drove the impetus of this research study.

Notwithstanding the perception, it is correct from this research findings to conclude that the impact of the Reform is there, while on the hand the research has revealed critical pockets that are detrimental to the most needed accelerators of impact in short- and long-term periods. It is envisaged that if the so far exposed detrimental factors to the reform as revealed by this research project are left unchecked the current emerging positive impact of the reform will be concealed and render the entire reform instrument introverted.

#### 5.2 Research Conclusion

The main aim of the research project was to “Investigate the Impact of Public Procurement Reform on Public Health Service Delivery”. The main aim was then broken down into specific objectives as is below

##### Specific Objectives

- ✚ Establish whether there is a relationship between the Reform and Health Service Delivery
- ✚ Evaluate how Reformed Public Procurement, support or hinder key health delivery variables of quality, access, availability and efficiency.
- ✚ To examine whether the Procurement Reform is a determinant factor of efficiency and effectiveness in Public Health Service Delivery
- ✚ Assess the adequacy of the reform to deter political influence in public procurement processes

All the objectives have been thoroughly addressed and without fear of contradiction the author can fairly concluded that the reform has strong relationship with and at the same time is a key

determinant factor of Health Service Delivery. This thesis further concludes that the reform lacks policing mechanism to enforce critical legal provision. This weakness has left compliance at the mercy of the user of the instrument leading to unnecessary non-compliance, which has a detrimental effect on procurement economy and the most needed efficiency. Lack of efficiency and economy has in turn defectively affected quality, access and availability of medical supplies in the public hospitals. The reform has also been found wanting on its capacity to check political influence in public procurement processes.

Lack or inadequate of medical supplies in public hospital is further compounded by what this research thesis concludes as **detrimental omission** in reform that is - absence of regulated stores management function in the reformed public procurement system of Malawi. Store/inventory management is critical in the supply chain management. Literature review surrounding the birth of public procurement reform in Malawi shows that it all evolved from Central Government Stores hence omission of store management function in the supply chain legal framework leaves this research thesis with no choice but concluded that the absence of store management function is a **serious detrimental omission**, which to a great extent renders the reform inefficient. Coincidentally, poor store management function has been found to be the major cause of unprecedented stock out of medical supplies in public hospitals.

A recap of Problem Statement “*Despite the Reform, Public Procurement System in Malawi still suffers public ridicule as an areas of waste and is widely considered a source of inefficiency in delivery of public service and in particular public health the case of this thesis*” Critical analysis of the research data and subsequent results on both fronts of qualitative and quantitative methods have tilted toward the following as a source of inefficiency of the reformed **Public Procurement** legal framework:

1. ***Under provision of qualified Human Resource Capacity***
2. ***Poor or lack of Annual Procurement Planning***
3. ***“If Planned” then its Failure to Adhere to Annual Planned Procurements***
4. ***Inconsistent Compliance with Critical Provision of the Procurement Law and***
5. ***Omission of Stores Management Framework in the reformed procurement system***
6. ***Lack of policing mechanism brings challenges of fostering compliance***
7. ***Inability to check Political Influence in public procurement processes***

Listed above are major factors hindering the realization of full positive impact of the reform. With particular focus to Public Health Service delivery data collected in all central referral public hospitals and the Central Medical Stores – the government drug store has shown that human resource capacity, procurement planning, non-compliance with critical provision, political influence and non-existence of stores management framework in the reformed public procurement and public disposal law has consequently affected the most needed impact on Efficiency and Public Procurement Economy as ones among the broad objectives of the reform. What has emphatically been regulated in the law even the revised one of 2017 version is only the public procurement processes and disposal of public assets processes. Inventory management is completely unregulated and omitted in the public procurement legal framework yet it records and houses longest part of the life cycle of the procured items before disposal. This is a glaring gap that this research has identified.

My personal opinion after data analysis from the main public referral hospitals in Malawi, is that it's clear that public sector health systems are typically organized around a vision for public service

provision which is “result oriented public service”. The Reform was meant to aid the achievement of this broad objective where supply chain management is central to the process of service delivery. With supply chain being central to the delivery processes then “*Stores Management Function*” is one of the central pillars to this vision. Nevertheless, traditionally, inventory/stores have been developed as an addendum after it became apparent that commodity availability was essential to providing public health services. It is a neglected area despite being pivotal to supply chain management. The performance of the store management framework is generally suboptimal as it commonly depends on unregulated premises, utmost are treasury instructions issued from time to time in an effort to regulate the stores function outside the reformed parameters of public supply chain.

Further, staffs usually do not have adequate training on stores management function. As a result, drug supply chain faces unnecessary breakdowns, such as stockouts, poor record keeping and product wastage, which are really common yet are least unexpected in the face of the reform. The research has exposed that store management was completely omitted from the reform despite it being among the departure points of public procurement reorganisation that saw the legal framework coming into being. It is an area that needed to be incorporated in the law with detailed regulations if the impact of the reform is to be fully realised.

The Public Procurement Authority leadership leaves much to be desired, it is my considered opinion that the law missed out a critical core profession dimension in its provision for selecting the leadership of the authority. This is in particular reference to *Section 10(2)(a)* of PPDA 2017 “*Appointment of the Director*” as almost all professionals are eligible to lead the authority with procurement professionals being the least on the list. This digression is just unprecedented to an extent that centrality of professionalism is highly compromised. Core professionally qualified individuals should naturally head public professional institutions or authorities or establishments of their equivalent in area of speciality. Anything short of this puts professionalism and ethical standards at stake. Lack of the same has in turn created a wide window of invitation to political influence into public procurement processes. Professional doctrine and subsequent ethical standards confine to a particular professional establishment enhances miles of discipline towards achieving the gravity of that particular authority.

### 5.3 Research Recommendations

To this end the authors wishes propose critical suggestions regarding the best course of action to correct current gap and provide beneficial guide that will help to resolve the glaring deficiency as exposed by this research thesis.

1. The oversight body should immediately take and extra gear in policing the enforcement of the law to yield high levels of compliance of critical provision to attain the most needed efficiency. Emphasis on compliance will help to enhance the existing gains of institutional decentralization, transparency and accountability that are already on positive record and foster strides to achieve economy, efficiency and deterrence of political influence in the public procurement business.
2. Internal Procurement and Disposal Committee (*IPDC*), the research has confirmed that this arrangement of putting *IPDC* in-charge of procurement is very important in implementation

and execution procurement law as part of procurement institutional decentralization. IPDC is a highest authority in procurement decision at procurement entity level. Nevertheless, little is heard about this committee when procurement scandals are uncovered. On the spot is the department, other than the procurement institution (IPDC) as established by the law at the procurement entity level. Procurement reviews and general procurement audits focuses on the department other than this established institution. This tendency renders *laissez faire* attitude to the IPDC members and stifles levels of vigilance, seriousness and accountability by the same. Emphasis on accountability and responsibility of each member should be echoed and that all determined miss-procurement should severally and jointly shouldered by members. This will enhance active and vigilance in procurement transaction turning the whole process from reactive to proactive undertaking.

3. The Government through the Procurement Authority should move in quickly to staff procurement department with procurement professional personnel capable of understanding and able to uphold the tenants of the reform. Supply chain management of medical supplies is critical to maintain health of the nation. It is therefore highly recommended that supply chain function in all referral hospital should be properly established and upgraded to secure mandate and authority in management of procurement processes.
4. Absence/Omission of regulated stores/inventory management function in the entire public procurement legal framework is a threat and serious gap in public procurement business of public health services and government management of supplies at large. It is greatly recommended to the government through the Procurement Authority in the interim to immediately mitigate this conspicuous gap by issuance of policy circulars and an addendum the existing regulations with a special focus on stores management. This should emphasize on qualification of store officers, detailed framework, accountability and subsequent binding responsibility against medical supplies pilferage.
5. The Procurement Authority should take any earliest opportunity of Public Procurement Law review to incorporate store management function in the main legal framework of public procurement. Regulated store management will enforce standard drug supply chain system and help to mend bleeding points of medical supplies in the chain, which is one among the main causes of drug shortages in the public hospitals.
6. *Section 10(2)(a) of PPDA 2017 “Appointment of the Director”* of the Public Procurement Authority, should be revised to express preference of procurement specialist as a priority not as stated that procurement specialist should the least on the list to be considered.

**The End.**

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## **APPENDICES**

- 1. Questionnaire – Qualitative*
- 2. List of Key Informants (KI) and their Institutions*
- 3. Questionnaire – Quantitative*
- 4. List of Public Institutions – Source of Data*
- 5. Government Research Ethics Approval (Access to conduct Research in Public Institutions)*
- 6. Letters of Support from UoB*
- 7. Letter of Support from Min of Health*
- 8. Research Work-Plan (Milestone of Activities)*